

EUROPEAN COAL AND STEEL COMMUNITY  
.  
HIGH AUTHORITY

Seventh  
GENERAL REPORT

on the

Activities of the Community

FEBRUARY 1, 1959 .



# CONTENTS

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	Pages
INTRODUCTION . . . . .	9
<i>Chapter One</i> — INSTITUTIONS OF THE COMMUNITY, INTER-COMMUNITY CO-OPERATION AND EXTERNAL RELATIONS . . . . .	27
Section 1 — The Institutions of the European Coal and Steel Community . . . . .	28
Section 2 — Co-operation among the European Communities, with Special Refer- ence to that among the European Executives . . . . .	32
Section 3 — The External Relations of the Euro- pean Coal and Steel Community, Problems of Commercial Policy .	37
<i>Chapter Two</i> — SITUATION IN THE COMMON MARKET AND WORK OF THE HIGH AUTHORITY . . . . .	43
Section 1 — The Trend in the Common Market for Coal . . . . .	44
Section 2 — The Work of the High Authority to Deal with the Difficulties in the Coal Market . . . . .	63
Section 3 — The Reorganization of the Belgian Coalmining Industry . . . . .	76
Section 4 — Steel and the Supply Situation as regards Raw Materials . . . . .	81
<i>Chapter Three</i> — TOWARDS A CO-ORDINATED ENERGY POLICY . . . . .	119
Section 1 — General Drift . . . . .	119
Section 2 — Progress Report . . . . .	126

	Pages
<i>Chapter Four</i> — IMPLEMENTATION OF THE RULES OF THE COMMON MARKET .....	139
Section 1 — Rules of Competition ..	140
Section 2 — Cartels and Concentrations .....	146
Section 3 — Transport .. . . . . .	160
 <i>Chapter Five</i> — LONG-TERM DEVELOPMENT OF THE COMMON MARKET ... . . . .	 173
Section 1 — Investment in the Coalmining and Iron and Steel Industries .. . .	173
Section 2 — Technical and Economic Research	196
 <i>Chapter Six</i> — SOCIAL SITUATION IN THE COMMUNITY AND ACTIVITIES OF THE HIGH AUTHORITY IN THE SOCIAL FIELD .. . . . . .	 213
Section 1 — Manpower Problems in the Com- munity Industries . . . . .	213
Section 2 — Wages, Terms of Employment, Social Security, Housing .. . . .	236
Section 3 — Industrial Health, Medicine and Safety .. . . . . .	266
Section 4 — Future Plans .. . . . . .	291
 ANNEX ON FINANCE .....	 299
 STATISTICAL ANNEX ... . . . .	 313



## DIAGRAMS AND GRAPHS

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	Pages
Community Coal and Coke Production . . . . .	47
Underground Output per Man/Shift (O M S ) . . .	48
World Hard-Coal Production . . . . .	50
Trend in Coal Prices . . . . .	62
Orders for and Deliveries of Rolled Products . . .	102
Community Steel Production . . . . .	104
World Crude-Steel Production . . . . .	105
Steel Production by Production Processes . . . .	107
Production of Finished Rolled Products . . . . .	109
Trend in Internal Prices for Merchant Bars	114
Pattern of Prices for Finished Steel Products . . .	116
Principal Inter-Area Traffic Flows of Hard Coal . .	396
Principal Inter-Area Traffic Flows of Coke . . .	397
Principal Inter-Area Traffic Flows of Iron Ore . .	398
Principal Inter-Area Traffic Flows of Scrap . . .	399
Principal Inter-Area Traffic Flows of Rolled Products	400



## INTRODUCTION

### I

Under the Treaty of April 18, 1951, the term of office of the Members of the High Authority, who were appointed by the Governments and assumed their duties on August 10, 1952, is due to expire six years from the introduction of the Common Market for coal. This date, February 10, 1959, falls some weeks after the first tariff cuts and import quota increases of the General Common Market in the new European Economic Community. In preparing its Report, which will be laid before the Ordinary Session of the European Parliament in April, the High Authority has sought to assess the contribution of the first Community to European integration, the limiting factors which have restricted its activities, and the tasks facing those who will in the near future have to assume the responsibilities conferred by the Treaty.

The record to date stands as follows. Barriers to trade in coal and steel have been abolished, aids and subsidies have been progressively eliminated, rules of non-discrimination have been applied, radical alterations have been made in transport rates in order to align international with internal rates schedules, and important changes have occurred in buying and selling systems. These are the major achievements on which the Common Market for coal and steel is based. The High Authority's credit is firmly established in the money markets of Europe and America, it has assisted investment by issuing forecasts and targets as to requirements and the best means of meeting them, and it has made funds available in order to promote research

and assist projects for building workers' houses these are the Community's contributions to expansion E C S C experience and E C S C experts were closely connected with the preparation of the new Common Market and Euratom Treaties, and the E C S C. has been internationally recognized as a new entity in relations with European countries, with the United States and with European and international organizations this is the way it has opened up for the progress of European unification

The Schuman Plan, from which the European Coal and Steel Community derives, had both a political objective and an essential economic purpose by means of the practical links to be forged between France and Germany, in a partnership open to other countries, it was to make war between these two European States not merely unthinkable, but materially impossible The method adopted was—initially confining operations to two basic sectors—to furnish the countries concerned with common bases for economic development, while at the same time trying out an experiment in general integration by pinpointing, by means of concrete examples, the problems arising and the best means of dealing with them

The basic idea of the Treaty was the development of free trade over a wider area than the individual countries, the ultimate aim being to create a market on the scale of the greatest economic powers in the world of today. But it is not enough merely to aspire to freer trade it is necessary to establish the conditions enabling it actually to be achieved and maintained And that means taking full account of the fundamental facts of the economy of our time

First, in order to merge economies hitherto kept disparate as a result of protection or divergences of policy, there have to be transition processes, though limits must be set as to their duration Again, the economic pattern is not one of straight competition among enterprises individually

exerting a negligible influence on the market as a whole big economic units are quite capable of abusing their monopoly position and engaging in discriminatory practices, and in consequence there have to be rules of competition for the activities of the enterprises. There have also to be rules for the activities of the Governments, lest competition be distorted as a result of official action by the authorities of a country favourable—or, it may be, unintentionally prejudicial—to their own enterprises. It is a matter not only of social justice, but of economic necessity, in order to secure the whole-hearted acceptance by the labour force of the changes likely to ensue from improvements in productivity, that the workers should be afforded protection against the burdens and risks which inevitably accompany such changes. In sectors where capital expenditure is very heavy and has to be planned for many years ahead, it is necessary to provide guidance in the form of information and tentative forecasts, and to facilitate matters for the investing enterprises by opening up fresh sources of capital to which they would not otherwise have had direct access. Finally, the expansion thus prepared must be shielded from the hazards of economic fluctuations, and action may have to be taken to maintain production capacity during recession periods, or to spare consumers the supply dislocations and abrupt price changes which so often occur in times of shortage.

The Treaty seeks to combine all these desiderata, but in such a way as to leave the enterprises their right of initiative and purchasers their freedom of choice—while at the same time acknowledging the responsibilities of the authorities in each country in regard to the harmonious development of the economy— by providing that action taken under it shall be correctly calculated as to effects and implications, as indirect and mild as possible in form, and the absolute reverse of arbitrary or abrupt. Such an approach by-passes the pointless controversy as between liberalism and *dirigisme* by allowing due importance to the operation of the market and the responsibility of the authorities, the aim

being normally simply to work out a common standpoint, to see that the rules of operation are complied with, and to correct any disrupting element, although more direct intervention may be required in circumstances where a balanced situation seems unlikely to come about of its own accord

This same approach is found embodied, on a larger scale, in the Treaties of Rome. The provisions of the Coal and Steel Treaty had to take into account the problems of linking up the sectors coming within the Common Market and the remainder of the national economies in which those sectors are still rooted. Hence the work that is being done to harmonize the policy of the Community and the policies of the member States, hence the need to palliate any disequilibrium supervening in the integrated sectors following economy-wide measures by an individual Government; hence, in particular, the procedures which have had to be instituted in fields overlapping both into the coal and steel sectors and into the member States' economies as a whole, such as the financial machinery set up, the transport field, and commercial policy *vis-à-vis* third countries

With the gradual introduction of the General Common Market, the special linking-up arrangements which have had to be instituted will be progressively absorbed into that process of co-ordinating economic policies which is one of the prerequisites and one of the great hopes of full integration. At the same time it must be borne in mind that for coal and steel there has been, in advance of all other sectors, full liberalization of the market, which must necessarily continue operative, whereas the General Common Market is to be introduced by stages, spaced over a fairly considerable period. The Treaty of Paris was drafted to make specific provision for the specific problems of these two basic industries. No parallel powers were as yet destined, at the inception of the process of full integration, to be embodied in the Treaties of Rome.

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II

The first few years of the Community's existence have provided very concrete indications as to the reactions of the coalmining and iron and steel industries to the general trend in economic activity : the coal and steel markets are subject to much greater fluctuations than those usual in the economy as a whole. In both industries the level of stocks plays, of course, a major role during boom periods stockpiling pushes up demand, while in a recession demand falls below consumption because the consumers run down their stocks to a lower level.

In addition, however, a large proportion of the steel produced goes on capital schemes, the volume of which varies more than the level of general activity. As for coal, given a sustained general level demand falls off gradually, in consequence partly of savings through improvements in fuel utilization, and partly of substitution by other forms of energy, especially oil products and, in some cases, electricity. In periods of stagnation, this negative factor operates practically unimpeded. In periods of very marked expansion, it is submerged by the overall increase in energy requirements, which in the short term will be concentrated chiefly upon coal, in view of the existence of coal-fired installations.

The Community has now passed through successive phases of acceleration and deceleration, which produced considerably intensified fluctuations in the coal and steel markets.

The Common Market was originally introduced at a time of a more or less balanced economic situation. Shortly afterwards, during the second half of 1953, economic activity fell off, but recovery followed in the first quarter of 1954—orders for steel began to climb sharply in April, and by October there appeared the first signs of tightness in the coal market. The Community thereafter enjoyed a long

boom. In 1957 the steel market began to ease home orders ceased to rise, and orders from third countries dropped sharply. Only in June 1958 was there a definite upturn in orders, which was not maintained, while on the other hand home orders declined. From the third quarter of 1957 the coal sector began to feel the draught, and the situation rapidly deteriorated from January 1958 onwards.

Another aspect of these general economic fluctuations is the way in which they affect external trade and external-trade prices. When business is brisk, sales of steel to third markets increase and the prices charged exceed home-market prices; when business is poor they drop more steeply than the home-market prices. In the case of coal boom conditions mean massive import requirements and, mainly as a result of sharp increases in freight-rates, soaring import prices, when the coal market is slack freight-rates fall steeply and the price of imported coal becomes very low.

In extreme situations it is possible under the Treaty to institute a system of export restrictions and allocation of availabilities, or as the case may be import restrictions and even production quotas. It is not clinging to preconceived theories, it is the concrete facts of the situation that have so far brought the Community through the fluctuations in the general economic situation without recourse to such extreme measures.

There was never, strictly speaking, a real shortage, since it was in fact possible to secure all the coal required: there was a shortage of Community coal, owing to the major price disparities which developed. The delivery schedules drawn up by the Ruhr selling agencies and the limitations accepted by the enterprises financially linked with collieries on their entitlement to direct supplies fulfilled in the main the purpose of any general system of allocation which might otherwise have had to be introduced, and at the same time dovetailed satisfactorily with the normal selling arrangements.



The crisis through which the coalmining industry is passing today has been greatly aggravated by the mistakes made during the boom period. The High Authority had no power to prevent industry from having complete freedom to conclude import contracts for anything up to three years ahead : yet experience has shown that the situation in the coal market changes fairly regularly at intervals of not more than two and a half years. The people who are involved in the day-to-day details of economic activity too often tend to project the present into the future, visualizing indefinite expansion so long as business is good, and permanent limitation of sales when it is bad. That is why the long-term forecasts worked out for the Community as a whole are so important, permitting as they do a broader and a more accurate perspective view than the individual enterprises are able to obtain.

As the situation has worked out, even if import restrictions had been introduced for the whole Community — assuming that the prerequisite circumstances had been present and the proposal cleared procedurally — the effect would not have been very different from that to be expected from the measures which are in fact having to be taken today. It would have been necessary to respect the rights of countries and buyers who when the market situation was different were obliged to take more expensive imported coal, and can fairly expect to recoup when the position changes. The bulk of the restrictions would have had to be imposed in the very countries which had committed themselves, by long-term contracts, to a volume of imports far in excess of requirements. Was the Community, by cancelling the contracts, to substitute its own responsibility for the responsibility of the Governments which had undertaken that these should be allowed to operate without interference? And so it is within the individual countries that funds are now having to be raised for the purpose of arriving at some amicable arrangement for the cancellation of the long-term contracts (which

is a much more difficult matter in the case of seaborne deliveries than of purchases from collieries)

The fact remains that the present state of affairs is the most unsatisfactory imaginable. It is these imports contracted earlier at higher prices that are now hampering both the sale of Community-mined coal and the cheaper imports which could be secured today. After so long allowing practically unlimited freedom to import from third countries, some Governments have imposed a ban on further contracts and a swingeing duty on tonnages imported in excess of a specified quota.

Whatever the necessity for such expedients, the High Authority is firmly convinced that a real economic policy requires greater continuity and greater forethought. It feels obliged to point out that during the boom it was constantly stressing that long-term imports would help to regularize import prices so long as the tonnages concerned were basic imports warranted by the level of consumption even during periods of declining demand. It never intended that imports contracted for on a long-term basis should serve to cover peak requirements. Moreover, it was already seeking during the boom to arrange ways and means of financing stocks in order to regularize the market and prevent unemployment, but failed to secure the requisite unanimous consent of the Governments. So here too it has had to resort to expedients and grant assistance, mainly from the levy, to the collieries with the largest accumulations of stocks, in order to prevent unduly sharp repercussions on employment in the industry.

These experiences should serve to persuade all the Community Governments, in so far as their co-operation is required by the terms of the Treaty, to endorse the adoption of the policy consistently advocated by the High Authority, whereby the coal market would be enabled to operate as freely as possible by means of a co-ordinated system covering price policy and involving a certain minimum of corrective

mechanisms. These latter are necessary if there are not to be perpetual disturbances of the balance of the market by either production or imports, consumer stock policies of the type least likely to make for an evenly-functioning economy, and imports constituting the maximum burden on the Community, *i.e.* contracted for at top-prices and at the same time impairing continuity of sales and employment in the Community coalmining industry

In the High Authority's view, the corrective mechanism to enable the market to operate freely, without recourse to more direct or peremptory measures, should be in respect of fluctuations in freight-rates. It considers the aim should be to bring down to a more uniform basis the cost to the importer of freight charges for odd shipments and to ensure by as automatic a process as possible that long-term import contracts are confined to permanent regular requirements. Arrangements of this kind in practice amount to a more effective co-ordination of trade policy among the member States than could be obtained by discussions round a table.

To work out and lay down such a policy will be the prime task of the new High Authority elected. This task becomes all the more important in that, thanks to the Protocol concluded between the High Authority and the Council, it can be suitably included in the proposals for a co-ordinated policy for the energy sector as a whole. The extraordinarily swift expansion of the economies during the past six years, and the corresponding expansion in energy requirements — principally for forms of energy in competition with coal — make it still more essential to develop this more comprehensive approach. The fact that there are today more sources of energy available, and more forms in which it can be supplied, means that common principles will have to be worked out to ensure that prices are not distorted, but serve as a true guide to consumers for their procurements and to enterprises for their capital schemes. The various choices open between developing resources and increasing imports affect

economic policy as a whole. Difficult problems arise in consequence of the major differences in price-formation conditions between oil and coal. Gambles inevitably have to be made one way or the other in regard to the new resources which may be opened up in the Community, in the countries linked to it, and in other parts of the world, they have also to be made in regard to price trends and to the costs involved by energy techniques still in their infancy. All these questions will require closer study, with a view to ensuring at once cheap and dependable supplies, freedom of consumer choice and the avoidance of sudden switches and upheavals in the markets.

Needless to say, the High Authority is working in close consultation with the Executives of the other two European Communities in drawing up proposals for submission to the Governments. There is no question of protecting one form of energy against another: its purpose is, as the very foundation charter of the Community requires, to "contribute to the expansion of the economies of the member States while safeguarding the continuity of employment."

### III

It is this situation, far more than any pet theories or legal hair-splitting, which must be the prime consideration in any observations on the organization of the coal market. The antithesis between competition and planning is itself based on ideas which have not been properly thought out. It was not from adherence to an unrealistic or outdated economic way of thinking, but from the desire to revive initiative, to induce prompter adjustment to the sudden changes in the markets, and to preserve the consumers' freedom of choice and the rational distribution of resources, that normal play of competition was adopted as the basic principle of the Treaty. At the same time it was fully realized that the implementation of that principle would be to some

extent limited by the actual operating conditions of the coal-mining and iron and steel industries, and on occasion by prevailing circumstances and by the need to consider the employment position.

Ideally, each individual enterprise would exercise a negligible influence on the market, but Western European mining conditions are such that the collieries are large industrial complexes, and the coalmining enterprises larger still. Competition in principle further implies freedom to set up new enterprises in any given sector, but in the coal sector this possibility is limited by the nature of the seams and the cost of new pits. Finally, full and unrestricted play of competition would presuppose the possibility of enterprises' being altogether put out of action by the operation of the market, and reopening later on whenever conditions seemed more favourable, but in Western Europe enterprises once closed are gone for good, so that decisions of this kind cannot be taken simply as and how circumstances may dictate — they must be based on a long-term assessment of the future trend in the market. It is essential to have some kind of machinery for getting over purely temporary deficits, and there are in fact various types of arrangement, from concentrating a number of pits within a single larger enterprise, or linking them to other industries by vertical integration, to running compensation or supporting funds, or schemes of that nature, as is done more particularly in the case of selling agencies. All these complications are accepted as part and parcel of the coal market.

The real question is whether arrangements which represent a system dating from a different period, or were designed to meet a different situation, are today really in the best interests of the coalmining industry and the men employed in it. The days of the rigidly-protected national market are over, and so is the near-monopoly position of coal as a source of energy. It is this situation which is causing doubt as to the desirability of arrangements so rigid as to

maintain hard-and-fast price relations among the various grades of coal, when in point of fact the competitive position of each grade *vis-à-vis* the other sources of energy is entirely different. Coking coal still reigns supreme for all uses connected with iron and steel production, steam-raising coal is under pressure from fuel oil. The combinations of direct and joint selling, although limited at present by temporary agreement, have in effect restricted the tonnages available for general consumption when supplies were tight, and swelled the amounts coming on the market when there was a glut. And it is also necessary to beware lest the arrangements in force reduce the incentive to invest and modernize, impede the development of the most economic pits, and ultimately make matters worse for the marginal pits, by causing them to price their production to cover the maintenance of capacity with which they would have to carry on operating without the slightest hope of renewing it. Manpower policy must be framed as a long-term policy avoiding temporary fluctuations in employment — which also means ensuring that the labour force is not temporarily expanded to make the most of the latest boom sales, with no thought as to how the enterprises are to maintain their additional personnel and bear the resulting increase in labour costs if and when the situation changes.

In an industry where investments take a long time to complete and are expected to remain in service a good deal longer still, it is absolutely essential to have a long-term view of developments. At the same time marketing methods will have to be made more flexible, in order to render the enterprises more sensitive to the development of the energy market and to the difference in the positions of the different enterprises. These are principles which should not be disputed, and their application will require the abilities, the constructive imagination and the good will of all concerned.

In most of the Community countries vertical integration — whether direct or indirect, in the form of manage-

ment tie-ups between enterprises or of joint control by financial groups — is a prominent feature of the structure of the coal and steel markets. This undoubtedly restricts the play of the market. Lower quotations from other sources will not prevent enterprises from continuing to procure their supplies from firms with which they are linked, and whose level of activity affects their own overall balance-sheet. This is a point to be taken into account in regard to the links both between coal and steel and between steel and the engineering industries.

But it is not by simply imposing prohibitions, and in any event as the Treaty stands it is not by enacting the dismemberment of integrated groups already established and authorized, that such limitations on the play of the market can usefully be countered. Whether integration is or is not economically advantageous will be demonstrated more clearly if the play of the market is not distorted by artificial incentives resulting from the fiscal regulations in force or the marketing system used. Fiscal distortions are a matter in which the European Executives are under obligation to make strong representations to the Governments, with regard to marketing methods the High Authority itself has very direct responsibility. Both price policy and marketing regulations must be aimed at ensuring that the integrated enterprises have a permanent interest in putting on the market as plentiful and steady a flow of supplies as possible by producing at a rate independent of their own requirements.

Subject to the Treaty's safeguards against runaway price inflation and the collapse of the market, greater mobility in the market must be achieved through regular incentives to independent action — these are, in the High Authority's view, more likely to be effective than the repression — necessary though that is also — of cartels, overt or covert. The great advantage of the system worked out for authorizing certain departures from the price-schedules as published was that it would have caused each enterprise to find from

experience the proper level of its prices, and in publishing fresh schedules to draw the consequences of its day-to-day commercial decisions. However, the interpretation of the Court of Justice ruled out this flexibility of approach. The High Authority for its part considers that the enterprises themselves are not even making use of those possibilities which are open to them in this regard under the Treaty, and more particularly of their right to quote special terms in respect of transactions of an exceptional nature, and of contracts likely to result in greater regularity of sales.

Before trying to introduce greater flexibility into the text of the Treaty, it is necessary to emphasize the considerable flexibility which it allows in the implementation of its terms. A certain degree of independence is, of course, inherent in the practice of alignment, at any rate so far as steel is concerned, although it is all wrong for alignment to go so far as to affect such a large proportion of total sales and involve such major departures from the published prices as to make meaningless the price-schedule of the aligning enterprise which is able to maintain this nominally unchanged without its making any difference to sales.

#### IV

Needless to say, the fusion of the markets and the balance which this requires between the levels of prices charged come up against a practically insuperable obstacle if the Governments, finding themselves unable to take direct decisions on prices, bring to bear forms of pressure still open to them to prevent or delay the adjustments involved by changes in production costs or in the state of the market. Such action is incompatible with their obligations: is it really so vital to their national economies? Formal protest is not enough: it is necessary to get to the root of the matter.

It has not come altogether as a surprise that Governments responsible for economic policy in general, for internal



stability and for the maintenance of employment should be rather loath to allow two basic sectors of the economy to stand outside their general policy, particularly in countries less dependent on external trade and more concerned with their home markets. This is a paradox which was discerned right from the beginning of the process of partial integration. But it works both ways the pooling of the two sectors has driven a wedge into the disparate economic policies, and something has been done towards co-ordinating these in that the member States have been brought to consider their own position in its relation to that of the rest. The real point is that it is undoubtedly neither consistent nor effective policy to seek to maintain stability by controlling prices in certain basic sectors, mainly and almost entirely in a manner which takes no account of economic facts. It is not such and such an action at such and such a juncture but the aims and methods of economic policy as a whole that require to be thoroughly gone into if we are to eliminate the apparent contradictions between the requirements of the Common Market and the economic policies which will for some time to come remain to a great extent national in character. The contribution of the Community is that, in place of unilateral action by Governments, it has built up institutions in which the broad aspects and details of these problems can be dealt with jointly in full detail, in discussions where the principles of a rational economic policy, the interests of Europe as a whole, and yet at the same time the special needs of the individual national economies, are all given due and equal consideration.

Recent events have brought out clearly the difference in position between the sectors already incorporated in the Common Market and the sectors which are only to be brought in gradually as time goes on. where a particular country's costs in general had always been higher than elsewhere, the industries there, being exposed to keener competition, were already more than competitive, and their advantages were suddenly increased by measures relating not to their

own position but to that of the other economic sectors in the same country. These difficulties specifically attaching to partial integration may be expected to diminish as integration is progressively extended to cover the whole of the economy. They would only disappear completely with the emergence of a common economic and financial policy : that, however, is a development which can come about only through a strengthening of the political will to go on to greater unity, of which it would be the expression and accompaniment.

It would be something, at any rate, to reconsider the implications of this new situation in regard to the points on which the Coal and Steel Treaty limits the powers of the Community, and in particular where it most strictly upholds the autonomy of the Governments by requiring that common decisions shall have their unanimous agreement. This is so with regard to the introduction of special financial arrangements, and to the approval of the principles to be followed in the harmonization of transport rates. The question is when it will be possible to embody in the Treaty of Paris the same evolutive procedure as is written into the Treaty of Rome, whereby after a number of years — varying according to the problem concerned — decisions framed by the common European authority have no longer to be voted unanimously by the Council of Ministers, but only by a qualified majority.

The Coal and Steel Community has by no means outlived its vital function as a halfway-house to general economic integration and the political unity of Europe. The Community was able at the outset to secure funds of its own whereas the new Communities have been accorded financial resources in principle only and no final system has as yet been agreed upon. Although a manpower policy for the coalmining and iron and steel industries is not readily dissociable from social policy as a whole, this is a field in which the Treaty provisions on readaptation have been not only implemented generously, but even transcended. The

High Authority has been able to provide assistance for building workers' houses, it has taken the step of setting up a permanent Mine Safety Commission, it has been instrumental in drafting the Convention on Social Security for Migrant Workers, thus paving the way for the work of the European Economic Community. The provisions on readaptation of workers have, with the support of the Governments, been applied in the most generous and comprehensive spirit. It will, incidentally, be essential to extend these facilities — actually possible, as the Treaty now stands, only during a transition period — to apply under the normal operation of the Treaty, although no firm outline of the practical details to be agreed upon can be worked out until it has been settled along what lines the Social Fund provided for in the Treaty of Rome is to be employed.

In the field of transport, the abolition of discriminations and the introduction of international through-rates has opened the way to measures which will of necessity set a precedent in the development of the General Common Market. It now remains to take up once more with the Governments, on the basis of an overall economic approach, the problem of the harmonization of transport rates, that is, the establishment of rational relativities, avoiding distortions as between one country and another, in the terms and conditions of carriage applicable in respect of the different Treaty products. This is a task that cannot be deferred until a common transport policy has been worked out, which is bound to take some time. Rather, it will be a preparation for such a policy, and a major contribution to it in respect of products which represent something like half of the tonnages carried and decisively influence the siting of a great many economic activities.

Reference has already been made to the way in which the Treaty of Rome has already begun, and will continue, to produce repercussions on the Treaty of the Coal and Steel Community. Conversely, certain specific prob-

lems that have been fully recognized for coal and steel are also liable to arise in other industries, although the Treaty of Rome provides no possibilities at the present stage for direct or specific action to deal with them. These problems throw light on the way in which the Coal and Steel Treaty could at a later stage affect the Common Market Treaty. It is from this kind of interaction that we may perhaps discern the final form of the European economic organization into which the Communities will merge. For the present, they have sufficient common ground, and sufficient matters of common concern, to warrant the co-operation instituted between them, which will become closer as the new Communities complete their organization. Even so, it is important that that co-operation, wherever it is necessary, should not be hampered by geographical dispersal, which makes it more difficult to achieve proper co-ordination in the work for European unification. The High Authority, which comes up every day against the practical implications of this situation, is in duty bound to speak forth plainly against it.

## *CHAPTER ONE*

### **INSTITUTIONS OF THE COMMUNITY, INTER-COMMUNITY CO-OPERATION AND EXTERNAL RELATIONS**

1. The institutions of the European Coal and Steel Community, which had since 1952 formed the first core of a political framework for Europe, have facilitated the process of broadening the field of economic integration which was decided upon at Rome on March 25, 1957, by the signing of the Treaties establishing a European Economic Community and a European Atomic Energy Community

Thus the Common Assembly and the Court of Justice of the Coal and Steel Community have been turned into a single Parliament and a single Court with jurisdiction in respect of all three Communities, in accordance with the provisions of the Convention relating to Certain Institutions Common to the European Communities which is annexed to the Treaties of Rome.

The High Authority for its part has applied itself to working out the best ways and means of ensuring effective co-operation with the Commissions of the new Community, in particular by making proposals regarding the institution of common services and other arrangements enabling duplication of administrative and technical work to be avoided.

At the same time, the High Authority has continued its endeavours to establish still closer relations with third countries and international organizations. More particularly, it took part in the negotiations in O.E.E.C. for the institution

of a European Economic Association (free trade area). In relations with certain third countries problems in connection with Community coal imports loomed large, and with the object of resolving these the High Authority urged the co-ordination of the member States' commercial policies.

## **Section 1 — The Institutions of the European Coal and Steel Community**

2. The work of the *High Authority* in the various fields with which it is concerned is described in the different Chapters of this Report.

Before all major decisions, the High Authority has consulted the *Consultative Committee*, to which it also submits each quarter, prior to the discussion of the regular "programmes with forecasts" it is required to issue, a report on the trend in the general economic situation and on activities in progress in the Common Market

The Committee has given the High Authority its opinion on such matters as prospecting for iron and manganese-ore deposits in Africa, the publication of prices for special steels, technical research in connection with steel-rolling processes, and financial assistance to improve the situation in the coal market

In addition, either in discussions or in replies to questions put by the High Authority, the Committee has made known its views on coal and energy policy and on various problems relating to social matters and to the General Objectives.

Following a discussion with the High Authority, the Committee also passed a resolution on the inclusion of coal and steel in the proposed European Economic Association (free trade area)

3 The *European Parliament* at its Constituent Session in March 1958 demonstrated the continuity of the Institutions' activity by electing as its President M. Robert Schuman, who gave the first official expression to the idea of a Coal and Steel Community in his Declaration of May 9, 1950.

The European Parliament met in Strasbourg on May 13 and 14 and from June 21 to 27 for its first Ordinary Session of the financial year 1958-59. It debated the Sixth General Report of the High Authority

and the comments of its own Committees on the different aspects of the Report.

At the end of the Session the Parliament voted a number of resolutions, the most important of which related to

- the problems of the Common Market for coal and steel,
- commercial policy, external relations and the European Economic Association (free trade area),
- transport in the Community,
- long-term policy, investment and financial questions,
- scientific and technical research,
- energy policy;
- social problems, with special reference to problems of industrial safety and health

Earlier in its proceedings the Parliament voted, for the record, on the various cities proposed as the possible permanent seat of the European Institutions, as it had been asked for an opinion on the subject by the Governments of the member countries. It also heard statements by the Presidents of the E.E.C. and Euratom Commissions, and adopted a resolution on the co-ordination of the three European Communities.

At its second Ordinary Session, from October 21 to 24, during which it was required to examine the General Reports of the E.E.C. and Euratom Commissions, the Parliament also heard a statement by the President of the High Authority on the situation in the Common Market for coal, on possible ways of dealing with that situation, and on the results of the exchange of views on the matter with the Council of Ministers on October 13 and 14.

A resolution was adopted on the subject during the Extraordinary Session held from December 15 to 17<sup>1)</sup>

The European Parliament held a further Session from January 7 to 15, 1959. On this occasion the debates were mainly concerned with the reports of its Committees on various aspects of the General Reports by the two European Commissions. In the fields directly concerning the Coal and Steel Community, a report was submitted on the introduction of the shorter working week in the coalmining and iron and steel industries, and another on energy policy. Resolutions were adopted on these two subjects.

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<sup>1)</sup> See No. 46 below.

4        *The Council of Ministers of the Coal and Steel Community* met seven times during the period under review

At these various meetings, the High Authority had, in particular, a number of exchanges of views with the Council, under Article 26 of the Treaty, on the situation in the Common Market for coal, the best ways of dealing with the difficulties there, and the first results achieved following the action it had proposed

It requested and obtained the Council's agreement

- to the remodelling of the compensation scheme for imported scrap and its extension up to November 30,
- to the granting of financial assistance to help carry out a programme of prospecting for iron and manganese ore in Africa,
- to the granting of loans and guarantees, to bodies other than actual enterprises, for the purpose of financing the building of houses for workers in the Community industries,
- to the introduction of readaptation schemes on behalf of workers in Belgian, French and Italian coalmining and iron and steel enterprises,
- to the granting of financial assistance to relieve the situation caused by the accumulation of stocks so exceptionally high as to endanger continuity of employment,
- to changes in the arrangements for the collection of the levy on production

The Council at the proposal of the High Authority approved a system of written communications, enabling the High Authority to deal more expeditiously with readaptation cases on which it intends to take action under Section 23 of the Convention containing the Transitional Provisions. The agreement of the Council is deemed to have been secured when a fortnight has elapsed without any Government asking to have the matter included on the agenda for the next meeting

On the other hand, the Council did not agree, as the High Authority had asked,

- 1) to a financial arrangement to help finance coal stocks,
- 2) to a reorganization of the scrap market.

Discussions in the Council on road haulage of scrap and steel and on water-transport rates on inland waterways west of the Rhine also proved abortive



5. The *Court of Justice of the European Communities* held its inaugural session in Luxembourg on October 7, 1958, when the seven Judges and the two Court Advocates took the oath.

The new Court is made up as follows .

President : A M. Donner ,

Judges : N. Catalano, L. Delvaux, C.L. Hammes,  
O. Riese, R. Rossi, J. Rueff;

Advocates assisting the Court . M. Lagrange,  
K. Roemer;

Clerk to the Court . A. Van Houtte

The new Court takes the place of the old Coal and Steel Community Court. Apart from President Donner, who succeeds President Pilotti, and Judges Catalano and Rossi, who replace Judges Van Kleffens and Serrarens, the same Judges and Advocates remain in office, thus ensuring that there is no break in the process of developing a European jurisprudence.

Before its replacement, the Court of Justice of the Coal and Steel Community delivered its last judgments. These were as follows

*June 12*

The Court dismissed the appeals by the Compagnie des Hauts Fourneaux de Chasse, which as sole producer of hematite pig-iron from comparatively low-grade home-mined ore claimed to suffer disadvantage from the operation of the compensation scheme for imported scrap

*June 13*

Following an appeal by the Società Meroni against a High Authority decision requiring it to pay to the Compensation Office for Imported Scrap its contributions outstanding, the Court reversed the decision concerned

*June 21 and 26*

The Court dismissed appeals against the High Authority's decision No 2/57, of January 27, 1957, requiring scrap consumers to pay, over and above the compensation dues for which they were already liable, surcharges rising progressively if and as their consumption of scrap exceeded certain specified reference tonnages.

## **Section 2 — Co-operation among the European Communities, with Special Reference to that among the European Executives**

6        It is now an established fact that we have a Common Market for coal and steel side by side with a process of phased integration for the remaining sectors of the economies. The High Authority has been hard at work ever since the beginning of the transition period for the introduction of the General Common Market, trying to fix upon the best forms of co-operation with the Institutions of the new Communities. Naturally these will have to be amended and improved as time goes on — it is as a result of adjustments on both sides, in the light of practical experience gained both in the Common Market for coal and steel and in the progressive introduction of the General Common Market, that the most appropriate forms of co-ordination will emerge. But for the purpose of comparing and harmonizing policies, and of avoiding duplication of administrative and technical work, it was felt that provisional liaison arrangements should be instituted forthwith. Liaison is necessary among all the Institutions of the different Communities — the Councils of the other two Communities, for instance, frequently deal with matters of direct or indirect concern to the High Authority. The High Authority is happy to observe that it is always invited to be present at such discussions. But the main problem is, of course, liaison between the High Authority and the two European Commissions.

7        Accordingly, having recorded their agreement, in the course of a thorough discussion of the matter on January 14, 1958, as to the fundamental necessity and practical requirements for effective co-operation among the three Executives, the President of the High Authority of the E.C.S.C., the President of the Commission of the European Economic Community and the President of the Commission of the European Atomic Energy Community decided to meet at regular intervals.

The President of the High Authority moreover assured his colleagues that all possible practical support would be afforded them, especially during the running-in period of the Commissions.

Shortly afterwards the three Executives, recognizing the need to co-ordinate policy and institute certain common services, decided to set up working parties to discuss these problems. The President of the E E C Commission made a statement on the subject on behalf of all three Executives at the June 1958 Session of the European Parliament <sup>1)</sup>

The following inter-Executive working parties met regularly during 1958

- the General Ad Hoc Working Party, which deals with general problems regarding co-operation, including in particular the structure and organization of common services,
- the Press/Information Working Party,
- the External Relations Working Party,
- the Economy/Energy Working Party
- the Transport Working Party,
- the Social Affairs Working Party

In the light of the experience gained since the beginning of the year, the Executives decided in October 1958 to hold regular meetings at Executive Member level on the second Monday of each month. All questions in connection with inter-Executive co-operation are discussed on these occasions, both among the Presidents and by the specialized working parties, or in plenary session.

8 In planning to set up common services, the Executives had to bear in mind the distinction to be observed between different types of services, and between duties differing according as they were directly or only indirectly bound up with the basic responsibility of the Executives under the Treaties.

On the basis of these distinctions, it had then to be considered what arrangements should be made

- to set up common services,
- to establish organic liaison at all levels between the departments of the different Executives, and
- to have certain duties performed by the appropriate division of one Executive on behalf of the others

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<sup>1)</sup> See *Débats de l'Assemblée Parlementaire Européenne*, May-June 1958 Session, pp 164-166

9        *Common services* — The European Executives agreed early in 1958 on the establishment of three common services

First, there was to be a *common Legal Department*. This consists of three sections representing the three Communities, and is under a Board of Directors, who are the heads of the three sections. Its task is to compare and contrast the legal problems arising in connection with the implementation of the three Treaties, with a view to ensuring consistent interpretation.

The legal experts on the staff of the Department are appointed by the three Executives acting in agreement. Any member of the Department may be required to work in any section, and to deal with matters concerning more than one Community, as may be most appropriate in view of his professional specialization and the requirements of the Department.

Then there is the *common Statistics Department*, working under the Director of the High Authority's old Statistics Division. The internal organization of the Department has just been agreed upon.

Finally, the *common Press and Information Service* is in process of organization. The Information Offices in Bonn, Paris and Rome have already been made common to the three Communities, and given additional personnel to enable them to cope with their new duties. A common office was set up at The Hague in May 1958, by agreement among the three Executives. The status of the Information Offices set up by the High Authority in London and Washington is still under examination,<sup>1)</sup> the possibility of establishing one in Berlin is being very carefully studied, following agreement in principle on the subject in December 1958. As regards the organization of the Service as a whole, the discussions during 1958 indicated that two basic requirements will need to be fulfilled: first, each Executive should have a spokesman, assisted by a small staff, to authenticate all information which the Executive concerned wishes to make public, and secondly, the functional and administrative unity of the Information Service of the European Communities must be preserved.

10        *Organic liaison* — In a number of cases in which, under present circumstances, it was not found possible to set up common services, the Executives agreed that close and flexible liaison arrangements should be instituted between their respective departments, and that, where appropriate, there might also be some division of labour. Thus the *study of the general market situation* will in future be carried out with an E.E.C. representative in the chair and High Authority and Euratom representatives

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<sup>1)</sup> See *Journal Officiel des Communautés européennes*, December 6, 1958

taking part, the results to be published quarterly in the common Official Gazette in the same issue as the E.C.S.C. programmes with forecasts

*In the field of transport*, a detailed Agreement of Co-operation was framed between the High Authority and the E.E.C. Commission, laying down the procedures for ensuring the co-ordination that is so essential. Each Executive is required, before taking or proposing any decision likely to affect the work of the other, to ask the latter's opinion, particularly before it submits any proposals on the matter to the Council of Ministers. To facilitate contact between them, a member of the staff of the High Authority's Transport Division will act as liaison officer with the Commission's Transport Directorate, and *vice versa*. Due account is to be taken of the need to make the two organizations complementary and to prevent overlapping. To this end, the two Executives will be entitled to consult one another's experts and to ask for one another's help in carrying out certain specified duties.

*In the field of social affairs*, contacts both at Executive and at departmental level are frequent and highly valuable. The Convention on Social Security for Migrant Workers, framed in the E.C.S.C. and adopted as the basis for the regulations worked out under Article 121 of the E.E.C. Treaty, is sufficient demonstration of the importance of co-operation in this domain.

With regard to the working-out of a *co-ordinated energy policy*, the Protocol of October 8, 1957, <sup>1)</sup> lays down the allocation of duties as among the three Executives. E.E.C. and Euratom representatives sit in with the Joint Committee of the High Authority and the Council, and regular discussions take place in the Inter-Executive Working Party dealing the energy problems.

Finally, the Inter-Executive Working Party dealing with *external relations* regularly reviews the problems arising in this field, and in particular those relating to the creation of a European Economic Association.

*11 Allocation of duties* — In the nature of things, the first and simplest type of co-operation instituted among the administrative departments of the three Executives took the form of arranging that one Executive should carry out certain activities on behalf of the other two.

Thus the administrative and technical departments of the High Authority have up to now been responsible for a considerable proportion of E.E.C.'s and Euratom's publications. A combined Official Gazette has been appearing since April 1958. In special cases, such as the Agricultural Conference at Stresa, High Authority departments have been responsible for the organizational side. The High Authority has

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<sup>1)</sup> See *Journal Officiel des Communautés européennes*, December 7, 1957.

seconded numerous members of its staff to the Commissions to help with the running-in of the new Institutions indeed, it can fairly claim to have gone to the very limit of what was possible in this respect, even though in certain fields it had already taken special precautions in preparation for the installation of the new Communities, for instance by training qualified translators and interpreters

Some administrative problems are of even wider radius, in that they concern not only the three Executives but also the European Parliament, the Court and the Councils There is already an Inter-Community Working Party consisting of the administrative heads of all the Institutions of the three Communities, with a representative of the Court of Justice as Chairman, the task of which is to study the possibilities for setting up a common administrative service to centralize and co-ordinate administration, with a view to combining economy and efficiency Such possibilities are, however, still limited by the geographical dispersal of the Communities' headquarters

12. It was evident as early as the beginning of 1958 that the Executives' wish to set up common services would come up against the fact that the three authorities and their departments have no common seat Only practical experience has made it possible to gauge the importance of this factor: the High Authority would here emphasize that the absence of a single seat has very considerably restricted the scope for setting up common services A service dealing with matters which give rise to day-to-day problems and inquiries cannot afford to be too far away from the authority responsible. Hence the structure of the common services, as it is possible to envisage them under present conditions, must necessarily, for all work requiring direct and frequent contact with the authority responsible, include branch-sections attached to each Executive This state of affairs in itself involves a danger of decentralization amounting to dislocation

The apprehensions which the High Authority expressed before the Treaties of Rome came into force, when it drew the Governments' attention to the dangers of a dispersal of the Communities' administrative seats, have not proved to be unjustified. The serious disadvantages of the

present situation make themselves felt not only in regard to the common services, but even in the actual organization of co-operation among the Executives and in relations with the other Institutions of the three Communities. Any expression of opinion as to achievements to date in the field of inter-Executive co-operation and the organization of common services must always take into account the serious handicap to European integration of the dispersal of the European Institutions.

### **Section 3 — The External Relations of the European Coal and Steel Community; Problems of Commercial Policy <sup>1)</sup>**

13 *Third countries* — The Council of Association between the United Kingdom and the Community met in London on June 12, 1958. On this occasion the regular comparisons and studies on the coal and steel situations in the two areas were particularly interesting, as both parties were facing very similar difficulties

In the field of trade relations, the Council was informed of the progress made in the implementation of the agreement on iron and steel tariffs signed in Luxembourg on November 25, 1957, between the High Authority, the United Kingdom Government and the Governments of the six member States. It may be added in this connection that, the instruments of ratification having been deposited by the Netherlands Government, the agreement officially came into force on October 22, 1958

At its meeting on June 12 the Council also decided to set up a special working party to make regular long-term studies of trade in coal between the United Kingdom and the Community. It instructed the Steel Committee to carry on with its studies, which are already in an advanced stage, particularly as regards production costs.

The Steel Committee at its meeting on October 30 finalized a comparative study on the price-compensation schemes for scrap in force in the United Kingdom and the Community.

14 As regards relations with the *United States*, the High Authority contacted Mr. Douglas Dillon, Under-Secretary of State in the Department of Commerce, in order to discuss problems in connection with the importation of American coal into the Community and the action planned to stagger deliveries and cancel certain import and charter contracts <sup>1)</sup>.

In the field of transport, Mr. Howard Freas, Chairman of the Interstate Commerce Commission, and Mr. Anthony F. Arpaia, a member of the Commission, came in response to an invitation by the High Authority to give a talk in Luxembourg on October 10 on American experience in the regulation of transport rates. By comparing what they had to say with the position in Europe, and more particularly in the Community, the High Authority was able to draw a number of very valuable and instructive conclusions.

The occasion was organized by the High Authority in association with the E.E.C. Commission, and was attended by a large number of experts on goods-traffic and transport problems.

15. As instructed by the Council of Ministers, the High Authority, in close co-operation with the Governments, conducted negotiations with a view to concluding an agreement with the Swiss Government associating *Switzerland* with the agreement signed on June 9, 1957, between the Community Governments and the High Authority for the harmonization of international and national freight charges and conditions of carriage for coal and steel shipments on the Rhine. The negotiations were successfully completed, and the agreement is to be signed in the near future.

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(1) See No. 45 below.



16 *International organizations* — Co-operation with the *Council of Europe* continues highly satisfactory. In accord, and with a long-established and much-appreciated practice, a joint meeting was held on January 16 and 17, 1959, of the Council's Consultative Assembly and the European Parliament

The meeting was preceded by a discussion between the Economic Affairs Committee of the Consultative Assembly and the High Authority, at which the High Authority was able to give supplementary explanations on a number of points in its Sixth General Report. The Consultative Assembly subsequently, at the conclusion of the third part of its tenth Session, unanimously adopted a resolution on the work of the High Authority

The second European Conference of Local Authorities instituted by the Committee of Ministers of the Council of Europe met in Strasbourg from October 29 to 31, 1958. The High Authority was represented by Sig. Giaccherio, attending as an observer. The agenda included the problem of the impact at local level of European economic integration

The European Conference of Local Authorities set up a Committee of Six, consisting of representatives of the six countries, to establish liaison with the European Institutions.

17 As a result of a visit to the High Authority in May 1958 by Mr. Tuomioja, Executive Secretary of the *Economic Commission for Europe of the United Nations* in Geneva, liaison procedure between E.C.E. and the High Authority was improved and closer contact established, although no changes were made affecting the principle of attendance by the High Authority experts at meetings of E.C.E. technical committees.

The procedure now is that, instead of sitting in as experts invited by the Secretariat of E.C.E., the High Authority representatives are officially invited to attend meetings of the technical committees and their working parties dealing with matters considered by the High Authority to concern it. They therefore sit officially on the committees and are entitled to speak. The new arrangement has given good results.

18. Co-operation between the High Authority and the *International Labour Office* continued eminently satisfactory. The High Authority was, as usual, represented at the meet-

ings of the Governing Body and of various working parties of I.L.O., and I.L.O. observers attended meetings of committees of the High Authority.

19. Collaboration with the *Organization for European Economic Co-operation* continued, and High Authority observers were, as before, sent to meetings of O.E.E.C. committees dealing with matters of interest to both organizations.

The High Authority also took an active part in the work of the Interministerial (Maudling) Committee for the institution of a *free trade area*. In particular, it followed with the closest attention the proceedings of the Special Committee set up, under the chairmanship of Mr. Daniel, to study problems in connection with the inclusion of coal and steel in a free trade area. This Committee confined itself to examining the concrete problems involved.

The High Authority has frequently emphasized that any arrangements in this connection must be such as will not infringe the integrity of the European Coal and Steel Community, or favour industries in the other countries of the proposed Association in relation to the Community industries.

20. *Problems of commercial policy* were a matter of serious and continual concern to the Community during the period under review.

Among the various factors leading to difficulties in the Common Market for coal, one which played a preponderant part was the fluctuation of imports from third countries, due mainly to the instability of maritime freight-rates<sup>1)</sup> As the Community has for some time been a "structural" importer, a number of long-term contracts were signed in 1956 in order to regularize the c.i.f. prices of coal landed at European ports, which were very high in consequence of the level of freight-rates. The High Authority has been criticized for encouraging the system of long-term contracts. It did so only in order to regularize import prices, and then only in regard to the « structural », or permanent,

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<sup>1)</sup> See Nos. 29 and 30 and Nos. 40-46 below.

portion of total imports. But after the collapse of the freight market in 1957, coal imported from third countries in single-voyage shipments could be sold in the Community at much lower prices than home coal. European importers were thereby encouraged to secure lower average freight-rates by contracting fresh purchases for prompt shipment at the lower rates ruling. Whereas it would have been desirable that imports should take at least part of the brunt of the switch in the market situation, the likelihood was rather that the reverse would happen.

As the situation in the coal market became as a result especially alarming in Belgium and Germany, these two countries found themselves compelled during 1958 to introduce controls on imports of coal from third countries, and to ask the other member States to take action under the "mutual aid" clause in Article 71,3 of the Treaty <sup>1)</sup>

21. All this has made it clear what a tremendous advantage it would have been to have a *co-ordinated commercial policy* for the Community. The fact that the Governments have retained responsibility for their commercial policies, except where otherwise specified in the Treaty, was not calculated to help the High Authority in its endeavours to arrange for regular comparison of import policies by the Council of Ministers. It succeeded only in part; the Council did, however, agree in October 1958 that a commission of Government delegates should be set up to assemble for the Council and the High Authority the documentary material necessary for regular comparison of imports planned.

It may give some indication of the unsatisfactory state of affairs in this field early in 1958 to recall that during the boom years hardly any of the Governments, and still less the High Authority, were informed as to the scale of the com-

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<sup>1)</sup> See No. 40 below

mitments entered into. Consequently there were a number of miscalculations, for which the Community, and the third countries affected by the irregularity of present Community procurements, are now paying the price.

A consistent import policy is therefore essential if we want to avoid the unduly high costs which result where imports are concentrated into boom periods, when they are pushed up in price by the high level of freight-rates, and are subsequently curtailed sharply just when more advantageous prices do begin to be quoted.

22      Shortly before this Report went to press the High Authority, in accordance with Article 74,3 of the Treaty, recommended the Government of the Federal Republic of Germany to impose a temporary duty on imports of coal from third countries in excess of a specified duty-free quota. It had become evident that unless some such action were taken the difficulties in the coal market — which were particularly marked in the Federal Republic — would get altogether out of hand.

For the reader's convenience, this last measure, together with the details of the High Authority's work on commercial policy, are dealt with in Chapter Two, Section 2, where they are relevantly included in the account of what is being done to cope with the difficulties in the coal market.

## *CHAPTER TWO*

### **SITUATION IN THE COMMON MARKET AND WORK OF THE HIGH AUTHORITY**

23. The economic context of the High Authority's activities recently has been one of slackening industrial expansion. This would appear to be due much more to internal Community factors than to outside influences. The effect on the European economy of the deterioration in the world economic situation since mid-1957, and in particular of the American recession, seems to have been psychological only.

During 1958 the Community economy as a whole underwent a slight expansion. The provisional figures available indicate that Community industrial production increased by about 3%, whereas in 1957 the increase was still as much as 6%.

The sag in the year-to-year rate of growth in industrial production, which was still in evidence in the second quarter, did not persist into the second half of the year. The continuing modest increase for the Community as a whole was, however, very differently made up as regards trends in individual countries: there was a pronounced drop in France, unrelieved stagnation in Belgium and Luxembourg, a striking recovery in the Netherlands, and moderate expansion, with a slight further upturn towards the end of the year, in the Federal Republic of Germany and in Italy.

**Rate of Growth in Industrial Production <sup>1)</sup>**

(variations in % as against corresponding periods in 1957)

Period	Germany (Fed Rep.)	Belgium	France	Italy	Luxem- bourg	Nether- lands	Com- munity
1st qtr 1958	+3.3	-5.8	+10.7	+2.5	-3.2	-5.3	+4.2
2nd qtr 1958	+2.0	-11.1	+7.5	+0.8	-4.5	-2.2	+2.4
3rd qtr 1958	+3.1	-3.6 <sup>3)</sup>	+4.2	+1.4	-4.7	+1.2	+2.6
Oct.-Nov 58 <sup>2)</sup>	+3.9	-8.3 <sup>4)</sup>	+2.8	+5.9	-2.8	+5.8 <sup>4)</sup>	+3.3

<sup>1)</sup> Exclusive of building trade and of foodstuffs, beverages and tobacco industries<sup>2)</sup> Provisional figures<sup>3)</sup> Comparison not fully valid, owing to drop in production in Oct.-Nov 1957 following strikes in July<sup>4)</sup> October only

The general economic situation in the Community does not, therefore, present anything like a uniform picture. The level of economic activity varies from one country to another indeed, the latest trends are perhaps even more dissimilar than those for the first half of the year. The net effect of the differences would appear to be to bring the levels of business activity and employment in the individual countries rather closer together.

It is of course open to question whether such divergences are sufficient in themselves to eliminate the inequalities in the Community, and whether they are in fact a good means of doing so. It would be preferable if this result could be achieved by a process of expansion varying in speed according to country, rather than by the reverse.

### **Section 1 — The Trend in the Common Market for Coal**

24. The situation in the Common Market for coal is undeniably serious. 1958 was marked by a decline in demand as against 1957, reflecting a very steep drop of something like 35 million metric tons in apparent consumption,<sup>1)</sup> although the fall in real consumption over the same period was only about 15 million tons.

<sup>1)</sup> "Apparent consumption" is production plus imports minus exports  
 "Real consumption" is calculated by allowing for changes in stocks

The decrease is due to two main sets of factors ·

- a) changes in consumers' stocks, taking the form of a rundown by some consumers following widespread stockpiling during 1957,
- b) a slowing-down in the rate of expansion, coupled with a structural fall in consumption in certain sectors (railways, gasworks, "other industries") due to competition from oil and gas and to a reduction in specific consumption.

Over and above the competition from oil and other sources of energy, there is competition from American coal, imported first of all under long-term contracts some of which were concluded as long ago as 1956, and also under charterings for single voyages at low freight-rates, which have the advantage to the importer of lowering the average of the freight charges as a whole

The combination of all these factors has resulted in an exceptional accumulation of pithead stocks, particularly in Belgium and Germany, so that it has been necessary to introduce short-time working, and heavy financial burdens have fallen upon the enterprises

25. *Hard-coal production* — Mining conditions in the Community collieries do not allow of short-term adjustments of hard-coal production to fluctuations in demand. In consequence of the introduction of short-time working and of cuts in the number of workers employed below ground, Community production in 1958 was 1·5 million metric tons less than in 1957.<sup>1)</sup> The factors causing this shrinkage were, however, to some extent offset by an increase in output per man/shift and a drop in absenteeism for reasons of personal convenience

Although production rose in France and in the Netherlands, in all other countries it diminished. It should be noted that the short-time working introduced in the Federal Republic of Germany, Belgium and the Saar resulted in losses of 3·9, 2·1 and 0·3 million metric tons respectively. Of the 300,000 tons not mined in Italy 180,000 tons were lost

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<sup>1)</sup> See *Statistical Annex*, Table I

through short-time working, and the remainder as a result of the re-organization operations in the Sulcis coalfield.

Country	1957 ( <sup>000</sup> metric tons)	1958 ( <sup>000</sup> metric tons)	Variation (%)
Germany (Fed. Rep.)	133 156	132 582	—0.4
Saar	16 455	16 423	—0.2
Belgium	29 086	27 057	—7.0
France	56 795	57 711	+1.6
Italy	1 019	716	—29.7
Netherlands	11 376	11 881	+4.4
Community	247 888	246 370	—0.6

The breakdown *by coalfields* indicates that production in the Aachen, Lorraine and Dutch Limburg coalfields rose by from 4.4 to 5.3% <sup>1)</sup> It also increased slightly in the Centre/Midi, by 1.6%, and in the Nord/Pas-de-Calais, by 0.5%, while in the Saar it remained at much the same level as the previous year. With the exception of Sulcis, where production fell by 31.3% as a result of short-time working and the re-organization scheme, the coalfield showing the biggest drop was Southern Belgium, with 8.9%, as against 0.7% for the Ruhr and 3.5% for the Campine

Coalfield	1957 ( <sup>000</sup> metric tons)	1958 ( <sup>000</sup> metric tons)	Variation (%)
Ruhr	123 209	122 302	—0.7
Aachen	7 619	8 020	+5.3
Lower Saxony	2 328	2 260	—2.9
Saar	16 455	16 423	—0.2
Campine	10 331	9 974	—3.5
S. Belgium	18 755	17 088	—8.9
Nord/Pas-de-Calais	28 725	28 856	+0.5
Lorraine	14 297	14 970	+4.7
Centre/Midi	13 373	13 581	+1.6
Sulcis	914	628	—31.3
Dutch Limburg	11 376	11 890	+4.4

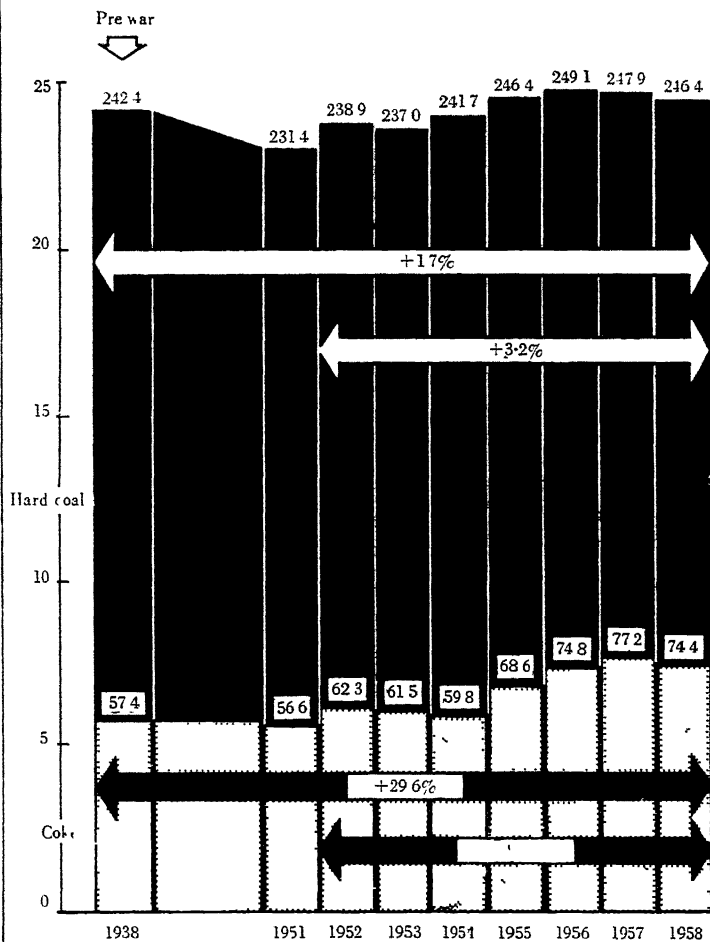
26 *Underground output* per man/shift in Community pits stood in 1958 at 1,570 kg. as against 1,541 kg. in 1957, an increase of 1.9%. Such an improvement is a regular feature of the situation whenever unemployment threatens as a result of selling difficulties

<sup>1)</sup> See *Statistical Annex*, Table 2

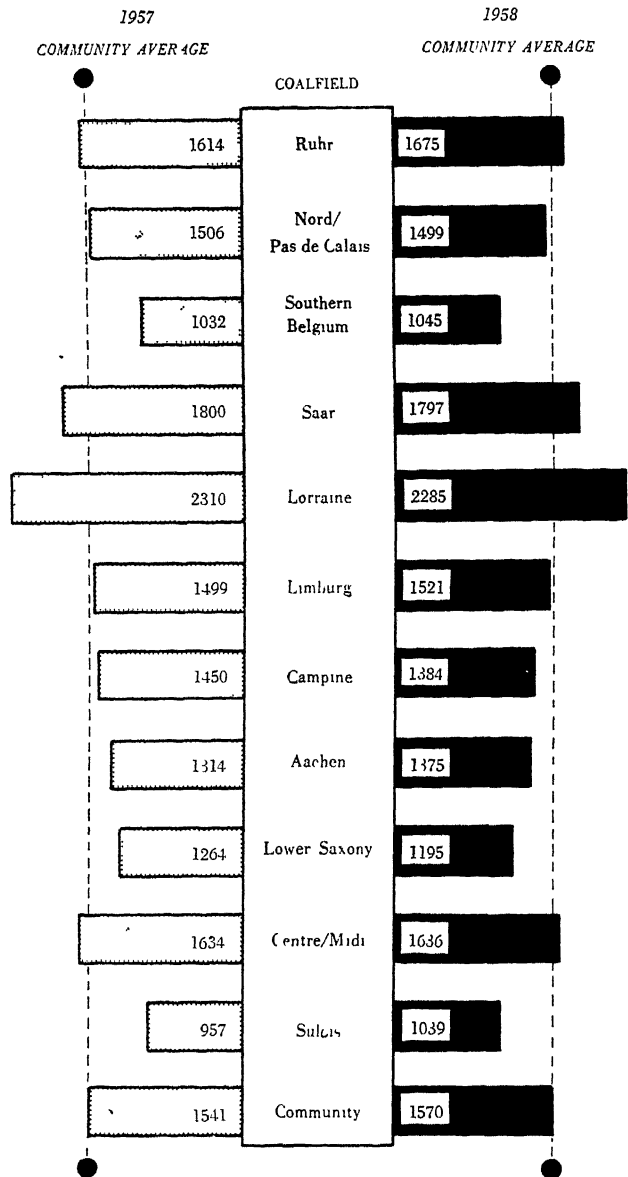


# COMMUNITY COAL AND COKE PRODUCTION

( 000,000 metric tons )



UNDERGROUND OUTPUT PER MAN/SHIFT (OMS)  
(kg)



The number of underground workers in Community collieries went down in 1958 by 32,200. The decrease was most marked in Germany and Belgium, as it was a consequence of high rates of short-time working, accompanied in many cases by the suspension of recruitment. The Saar was the only coalfield in which the underground labour force slightly increased. The decrease in Italy was due to the reorganization scheme in progress there.

**Underground Workers on the Books of  
Community Hard-Coal Mines**

('000)

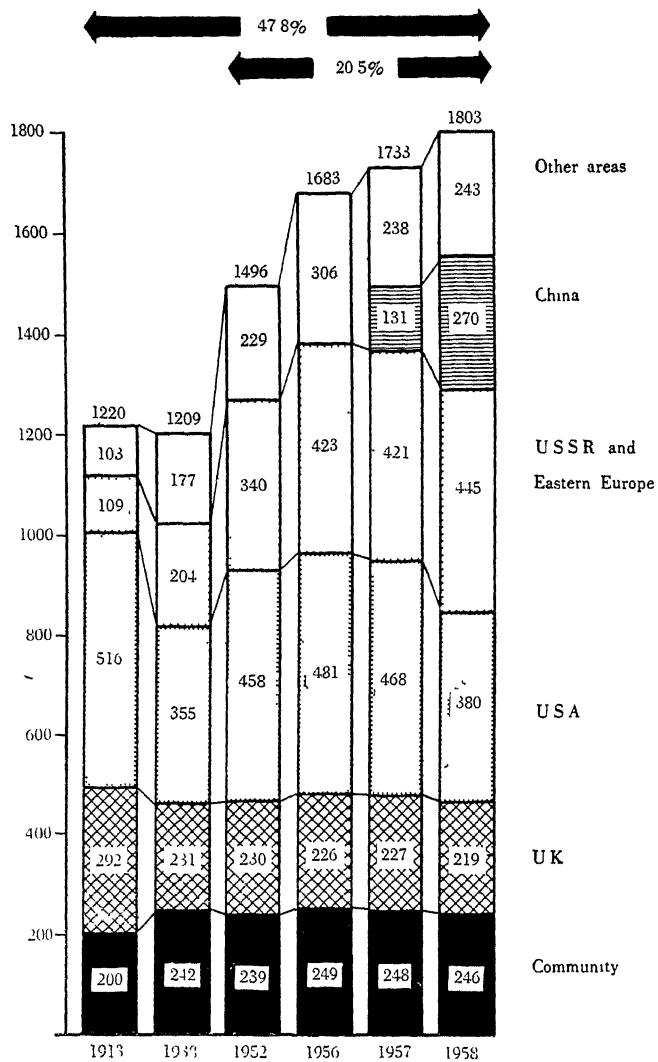
Country	End of 1957	End of 1958	Variation
Germany (Fed. Rep.)	343.7	326.6	-17.1
Saar	38.0	38.4	+0.4
Belgium	109.4	98.3	-11.1
France	143.4	141.1	-2.3
Italy	4.6	3.0 <sup>1)</sup>	-1.6
Netherlands	31.5	31.0	-0.5
Community	670.6	638.4	-32.2

<sup>1)</sup> Estimated

27. Only a very rough comparison is at present possible between the production of the Community and that of the other major coal-producing areas of the world. Figures so far available indicate that the position is as follows:

# WORLD HARD COAL PRODUCTION

( 000 000 metric tons )



28. *Coke production.* — Coke production shows a drop of 3.6% from 1957 to 1958. If, however, allowance is made for the difference in additions to stocks in the two years — 5.3 million metric tons in 1958 as against 1.1 million in 1957 — the decrease in the coking-plants' actual deliveries works out at 9%. The shrinkage in demand despite the steadiness of the iron and steel industry may be attributed to the household and "other industries" sectors and to exports, which went down by 25%.

As regards the trend in individual countries, the decline is less marked in France, where the slackening in general economic expansion is not so pronounced as in the rest of the Community.<sup>1)</sup>

Country	1957 ('000 metric tons)	1958	Variation (%)
Germany (Fed. Rep.)	45 193	43 441	—3.9
Saar	4 324	4 175	—3.4
Belgium	7 156	6 889	—3.7
France	12 564	12 466	—0.8
Italy	3 687	3 367	—8.7
Netherlands	4 243	4 078	—3.9
Community	77 167	74 416	—3.6

29. *Imports from third countries.* — Imports of hard coal from third countries were cut from 44 million metric tons in 1957 to approximately 31 million in 1958. Of the latter total, about 26 million were imported from the United States.<sup>2)</sup> At the time of the minor recession in 1954, hard-coal imports amounted to 13.9 million metric tons, of which 6 million came from the United States.

These imports from the United States could for the most part be covered by the stocks now held in the Community. Comparison of the tonnages of American coal theoretically necessary and the tonnages actually imported over the period 1953-57 gives the following table.

<sup>1)</sup> See *Statistical Annex*, Table 4.

<sup>2)</sup> For the first eleven months of 1958 hard-coal imports totalled 29.4 million metric tons, as against 40.9 million for the corresponding period of 1957, a decrease of 28%. See *Statistical Annex*, Table 5.

Year	Theoretical import requirements	Actual imports	Difference
1953	—1 905	6 684	+8 589
1954	6 426	6 164	— 262
1955	21 627	15 935	—5 692
1956	27 307	30 389	+3 082
1957	28 738	37 828	+9 090
Total	82 193	97 000	+14 807

By "theoretical import requirements" of American coal are meant the imports which would be required to maintain the real balance of the Community, *i.e.* not allowing for changes in consumers' stocks, but allowing for trade with third countries other than the United States

No allowance is made in these figures for changes in household stocks, which are not known but may be estimated for the two years 1956 and 1957 as totalling at least 5 million metric tons hard-coal equivalent

The figures do, however, bring out the changes which have come about in the pattern of supplies, and which have had a good deal to do with the eventual unbalancing of the market

30 The surveys carried out to ascertain how much coal has been ordered under long-term contracts give a rough idea of the tonnages scheduled to reach the Community. The figures obtained are, however, constantly changing as a result of the efforts in progress to defer or cancel some of the contracts in force <sup>1)</sup>

Belgium, for example, has succeeded in scaling down the original figure for 1959 deliveries from 2,300,000 to 950,000 tons, to which must, however, be added 500,000 tons for carbonization on custom contract

31 Imports from Great Britain in 1958 totalled approximately 1,650,000 metric tons, or about one million tons less than in 1957, when the figure was 2,635,000 tons. Imports from Poland, on the other hand, are increasing, particularly to Germany and Italy. They amounted to 2 million tons in 1957, and were already up to 2,247,000 for the first eleven months of 1958. Imports from the Soviet Union were up by more than 11% for the first eleven months

<sup>1)</sup> See Nos 44 and 45 below

*Imports of coke from third countries* totalled 141,000 metric tons for the first eleven months of 1958, as against 525,000 tons for the same period in 1957, a decrease of 73%.

32 *Exports to third countries.* — *Exports of hard coal* to third countries in 1958 amounted to only about 4 million metric tons, which is below the level for 1952. The figure for the first eleven months is 3.5 million metric tons, as against 4.6 million for the same period in 1957, a decrease of more than 25%.<sup>1)</sup> The drop is particularly marked in the case of Germany (—37%) and the Saar (—41%). For Belgium it is less so (—10.4%), while for France and the Netherlands the level of exports remained more or less unchanged.

The smaller purchases by traditional customers are due to the fact that developments in their own coal markets have been much the same as in the Community's. Thus exports to Great Britain in 1958 amounted to barely 700,000 metric tons, as against 895,000 in 1957. Even these tonnages were exported purely under old contracts still in force, for the United Kingdom had suspended all fresh imports as from January 1, 1958.

*Exports of coke* also fell, from 3.5 to 3 million metric tons for the first eleven months, a drop of 15%.<sup>2)</sup> German exports, which account for two-thirds of the total, declined by 23%. Belgian exports, on the other hand, rose from 199,000 to 448,000 metric tons for the first eleven months.

33. *Deliveries of hard coal.* — Deliveries of Community and imported hard coal to the main consumer groups during the first nine months of 1958 were well below those during the same period in 1957, as will be seen from the following table.

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<sup>1)</sup> See *Statistical Annex*, Table 6.

<sup>2)</sup> See *Statistical Annex*, Table 7.

**Deliveries of Hard Coal**

Consumer group	Jan -Sept 1957	Jan -Sept 1958	Variation	
	('000 metric tons)		('000 m t)	(%)
Coking-plants	76 044	73 665	-2 379	-3.1
Railways	13 474	11 985	-1 489	-11.0
Power-stations	20 716	18 460	-2 256	-10.9
Gasworks	9 985	7 695	-2 290	-22.9
Iron and steel industry	3 225	2 995	-230	-7.1
Other industries	29 837	25 580	-4 257	-14.3
Total	153 281	140 380	-12 901	-8.4
Households	32 946	25 514	-7 432	-22.6
Miscellaneous	3 619	2 882	-737	-20.4
Grand Total	189 846	168 776	-21 070	-11.1

These figures reflect the movements of consumers' orders, but do not give an accurate indication of developments in the actual structure of the market

Real consumption (*ie* allowing for changes in consumers' stocks) also dropped from one year to the other, but less markedly than deliveries

**Industrial Real Consumption of Hard Coal**

Consumer group	Jan -Sept 1957	Jan -Sept 1958	Variation	
	('000 metric tons)		('000 m t)	(%)
Coking-plants	75 569	73 791	-1 778	-2.3
Railways	12 717	11 570	-1 147	-9.0
Power-stations	17 645	15 957	-1 688	-9.6
Gasworks	9 275	7 842	-1 433	-15.4
Iron and steel industry	3 181	3 105	-76	-2.4
Other industries	28 284	25 545	-2 739	-9.7
Total	146 671	137 810	-8 861	-6.0

Stockpiling, which was so widely practised by consumers in 1957, continued in the public services sector in 1958. The industrial sectors, on the other hand, began to run down stocks, while stocks in the household sector would appear to have been used up altogether



**Changes in Stocks**

Consumer group	Jan -Sept 1957	Jan -Sept 1958
Railways	+ 757	- 415
Power-stations	+ 3 071	+ 2 503
Gasworks -	+ 710	- 147
Total, public services	+ 4 538	+ 2 771
Industrial sectors	+ 2 072	- 201
Grand Total	+ 6 610	+ 2 570

The balance-sheet for coal includes deliveries for carbonization. To obtain a complete picture of the situation, it is also necessary to take into consideration changes in consumption of coke-oven coke, although the incidence of these on the hard-coal position generally was less than it might have been owing to additions to producers' stocks.

34 The decrease in deliveries of coke from one year to the other may be broken down as follows

**Deliveries of Coke-Oven Coke**

Consumer group	Jan -Sept 1957	Jan -Sept 1958	Variation	
	('000 metric tons)		('000 m t)	(%)
Iron and steel industry	34 723	33 595	- 1 128	- 3.2
Other industries	6 898	5 489	- 1 409	- 20.4
Total	41 621	39 084	- 2 537	- 6.1
Households	8 763	7 389	- 1 374	- 15.7
Grand Total	50 384	46 473	- 3 911	- 7.8

The changes in coke stocks in the industrial sectors more or less cancelled out, and the changes in real consumption were much the same as those in deliveries. In the household sector the trend was the same for coke as for coal — accumulation of stocks in 1957, rundown in 1958 — though in the absence of statistics its extent is not known.

Overall, for all sectors except households, real consumption of hard coal and coke-oven coke was 12 million metric tons hard-coal equivalent, or 6%, lower in the first nine months of 1958 than in the corresponding period of 1957.

35. *Trend in stocks* — The difficulties in the coal market have resulted in a substantial increase in pithead stocks of hard coal, <sup>1)</sup> which more than trebled between the end of 1957 and the end of 1958.

Country	End of 1957 ( <sup>0</sup> 000 metric tons)	End of 1958	Variation
Germany (Fed Rep )	735	8 555	coefficient 11 6
Saar	181	898	coefficient 5
Belgium	1 413	6 926	coefficient 4 9
France	4 583	7 564	+65 0%
Italy	50	25	—50 0%
Netherlands	312	746	+140 0%
Community	7 273	24 714	coefficient 3 4

At the end of 1957, approximately 65% of the stocks consisted (4 7 million metric tons) of the less readily saleable grades — rejects, slurry and pulverized fuel — and 35% (2 6 million metric tons) of all other grades. In the course of 1958 the proportions exactly reversed themselves — of the 24 3 million metric tons in stock at the pitheads at the end of the year, only 34% was represented by the poorer grades, and 66% by the others (16 1 million metric tons). Proposals for assistance in financing stocks are concerned only with the saleable grades.

These stocks do not include any tonnages of graded anthracite (for household consumption), Community production of which is always insufficient.

*Stocks of coke at the coking-plants* have more than quadrupled, from 1,653,000 metric tons at the end of 1957 to 6,929,000 at the end of 1958 <sup>2)</sup> German stocks, which represent three-quarters of this total, amounted to 5,287,000 metric tons at the end of 1958, as against 622,000 at the end of 1957.

<sup>1)</sup> See *Statistical Annex*, Table 8.

<sup>2)</sup> See *Statistical Annex*, Table 9.

36. *Trade between Community countries.* — Trade in hard coal, hard-coal briquettes and coke between Community countries underwent a general contraction during the first eleven months of 1958 in relation to the same period of the previous year <sup>1)</sup>

*Trade in hard coal and hard-coal briquettes* in the first eleven months of 1958 involved a total of 15.1 million metric tons, as against 18.3 million during the corresponding period of 1957, a decrease of 17.4%. <sup>2)</sup>

The steepest drop was in Belgian deliveries, from 3.5 to 2.0 million metric tons (—43.6%). Deliveries from France and the Saar to all other countries also fell by one million metric tons (—24.1%). German deliveries decreased overall by 946,000 metric tons (—9.7%), although those to France, the Saar and Belgium continued to rise, the main reduction was in sales to Italy (1.5 million tons). The only substantial increase was in Netherlands deliveries, which went up by 286,000 metric tons, or 30.8%. This was due to a stepping-up of sales to Belgium, France and the Saar, sales to Germany, on the other hand, declined.

With the exception of those by Belgium, which rose from 1.8 to 2.4 million metric tons, purchases by all countries diminished. Belgian procurements were mainly from Germany and the Netherlands, and less than previously from France, owing to the lower prices in the two former countries.

The most marked decrease was in purchases by Italy, which fell from 2.8 to 1.2 million metric tons (—58.3%).

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<sup>1)</sup> For a detailed account of the trend in trade between Community countries from 1952 to 1957, see *Sixth General Report of the High Authority*, April 1958 (Vol. II, Nos. 122-125).

<sup>2)</sup> See *Statistical Annex*, Table 10.

Country	Jan -Nov 1957 ( <sup>0</sup> 000 metric tons)	Jan -Nov 1958 ( <sup>0</sup> 000 metric tons)	Variation (%)
<i>Deliveries</i>			
Germany (Fed Rep )	9 730	8 784	—9 7
Belgium	3 522	1 988	—43 6
France/Saar	4 146	3 145	—24 1
Netherlands	929	1 215	+30 8
Total	18 328	15 133	—17 4
<i>Purchases</i>			
Germany (Fed. Rep )	4 014	2 935	—26 9
Belgium	1 786	2 432	+36 2
France/Saar	6 048	5 720	—5 4
Italy	2 816	1 174	—58 3
Luxembourg	281	238	—15 3
Netherlands	3 383	2 634	—22 1
Total	18 328	15 133	—17 4

*Trade in coke between Community countries*, which is largely governed by the level of activity in the iron and steel industry, is down for the first eleven months of 1958 by 10 3% on the previous year <sup>1)</sup>

German deliveries, which account for more than 80% of the Community total, fell off by 241,000 metric tons (3 7%), mainly owing to reduced sales to France. Deliveries to the second largest buyer, Luxembourg, were slightly higher than the year before.

Belgian deliveries to other Community countries went down by 260,000 metric tons, or 41 7%, while Belgian purchases rose from 110,000 to 132,000 metric tons. Dutch deliveries fell by 234,000 metric tons, or 19 3%, mainly as a result of reduced sales to France, the Saar and Luxembourg.

<sup>1)</sup> See *Statistical Annex*, Table 11

Country	Jan -Nov 1957	Jan -Nov 1958	Variation (%)
('000 metric tons)			
<i>Deliveries</i>			
Germany (Fed Rep )	6 452	6 211	—3.7
Belgium	638	372	—41.7
France/Saar	144	93	—35.4
Italy	120	31	—74.2
Netherlands	1 213	979	—19.3
Total	8 567	7 686	—10.3
<i>Purchases</i>			
Germany (Fed Rep )	166	73	—56.0
Belgium	110	132	+12.0
France/Saar	4 562	3 989	—12.6
Luxembourg	3 423	3 227	—5.7
Italy	15	81	+440.0
Netherlands	291	184	—36.8
Total	8 567	7 686	—10.3

37 *Price trends.* — In view of the difficulties experienced in marketing coal production in 1958, price rebates were granted by the producers in September and October

The three Ruhr coal-selling agencies granted a quantity rebate of 10% on deliveries of industrial coal in 1958-59 in excess of those in 1957-58 provided the buyer undertook to purchase the same tonnage in 1959-60 as in 1957-58. They also decided to make use of the right of alignment with quotations from third countries, and to try as far as possible to arrange for coal due to arrive from third countries under old contracts to be replaced by Ruhr coal or diverted elsewhere, and to assist this process by allowing alignment rebates

The Aachen coalfield granted a rebate of 10% on deliveries of industrial grades in 1958-59 which were in excess of the tonnages contracted for or those delivered in 1957-58, and could definitely be shown to be serving to replace third-country coal

Most of the Netherlands collieries allowed all consumers taking more than 240 metric tons a year a rebate of from one to three guilders, according to the type of coal concerned, on all tonnages bought between October 1, 1958, and March 31, 1959, provided the consumers in question bought the same tonnage in 1958-59 as in 1957-58

The Belgian collieries also instituted 10% quantity rebates on tonnages of industrial coal above 80% of the consumer's purchases of Belgian coal between October 1, 1957, and March 31, 1958. The same discount was allowed on deliveries totalling over 600 metric tons a year. The Belgian collieries also took advantage of the right of alignment with the schedules of other Community countries and with quotations from third countries.

On the whole, producers began only gradually to make use of the opportunities allowed them under Decision No. 3/58 (price alignment in the coal market) and Article 60,2b (alignment with third-country prices). <sup>1)</sup> It is only in the last few months that alignment has been practised to any considerable extent.

38. A great many new schedules were lodged at the beginning of 1959, some embodying price increases and others reductions. These movements of prices, coupled with the French monetary measures, make quite a difference to the overall picture of basic prices, although price relations remain unaffected. <sup>2)</sup>

In *Belgium* the Comptoir Belge des Charbons (Cobechar) lodged a new schedule with effect from December 29, 1958, showing reductions of from Bfr 20 to Bfr.100 per ton, mainly on the industrial grades.

Three Campine collieries resumed selling on an independent basis, and lodged price schedules of their own, with effect from January 1, 1959, with much the same prices for the same grades, showing larger reductions on all grades from the prices at which their production had previously been marketed by Cobechar. <sup>3)</sup>

Most of the Belgian coking-plants lodged new schedules with effect from January 1, 1959, containing reductions of between Bfr 25 and Bfr 70 per metric ton.

In the *Netherlands*, the collieries lodged new schedules and altered the rebates which they had fixed on October 1, 1958, on procurements between that date and March 31, 1959. The schedules published will not come into force until April 1, 1959. The reductions amount to between Hfl 2.50 and Hfl 8.25 per metric ton.

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<sup>1)</sup> See Nos. 40 and 106 below.

<sup>2)</sup> See *Statistical Annex*, Tables 12 and 14.

<sup>3)</sup> See *Statistical Annex*, Table 13.

Rebates are, however, allowed on tonnages of industrial grades taken during the first half of 1959 provided the contract is for the whole of the coal year 1959-60 the purchasers concerned can thus have the benefit immediately of the reduced prices which will come into effect from April 1

In *France*, coal went up in price on January 5, 1959, the increase working out at approximately 11%, if we take into account the expected alignment rebates

The fact that this coincided with the French Government's monetary measures does not greatly affect the price relations of French coal in the Common Market. If we bear in mind the 7-8% decrease in Belgian and Netherlands coal prices, it will be found that the relative position of Belgian to French prices has been pretty well maintained in most cases, in the case of the Campine collieries which have left Cobechar it has definitely improved. The relative position of Netherlands coal to French has also remained largely unchanged

The increase in the landed price of American fines resulting from the devaluation also sent up the selling prices of *ovoids from the coastal briquetting-plants*, which lodged new schedules with effect from January 13, 1959, showing an average increase of about 12%

In the *Saar*, the Saarbergwerke also lodged new schedules averaging an increase of approximately 11%

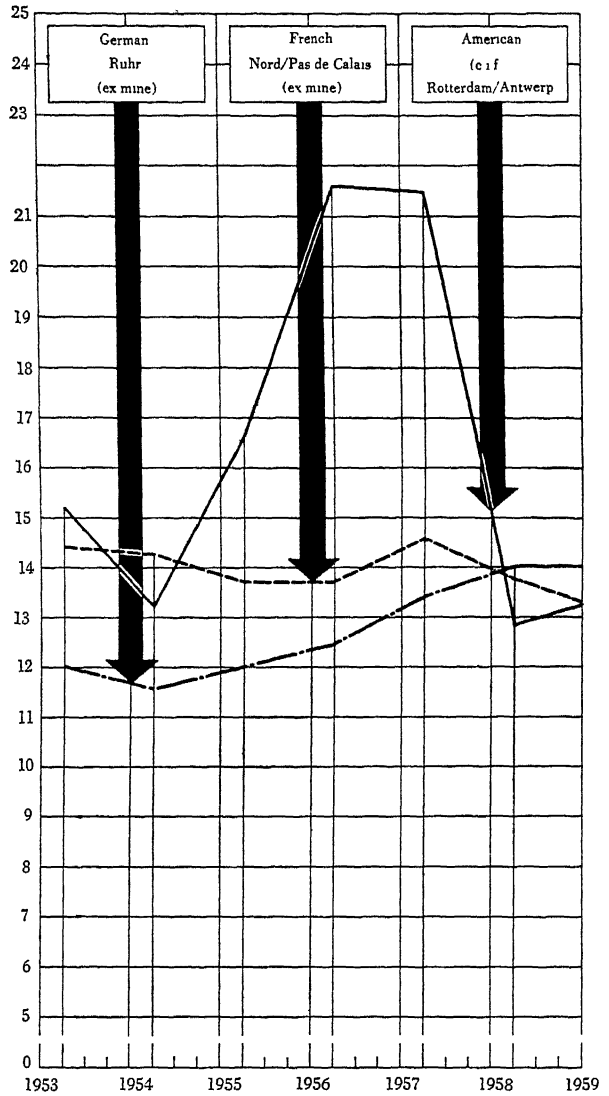
These increases were for the franc area as regards sales to Germany, on the other hand, the devaluation brought down the Saarbergwerke's prices: where their coal was already cheaper than Ruhr coal the difference was accentuated by about two marks per ton, and where the Saarbergwerke were allowing alignment rebates these are now smaller

39      *The c.i.f. prices of imported American coal* slightly increased in 1958, freight-rates having hardened a trifle.<sup>1)</sup> In January 1959, however, there was once more something of a downturn in freight-rates. As a result, American coal is enabled to continue competing with Community coal in some areas, although there is the one limiting factor that a considerable proportion of the tonnages imported are arriving under long-term contracts concluded on the basis of higher freight-rates than those ruling today.

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<sup>1)</sup> For further details, see *Statistical Annex*, Table 15

# TREND IN COAL PRICES





## Section 2 — The Work of the High Authority to Deal with the Difficulties in the Coal Market

40. Ever since the beginning of 1958, the High Authority, realizing the danger inherent in the trend of the market, has been taking action along two convergent lines, endeavouring on the one hand to interpret the rules of the market with the maximum of flexibility compatible with the Treaty, and on the other to stabilize imports and production.

*As regards the rules of the market*, the High Authority has widened the scope of the option which enables the producers to align their prices with quotations from third countries, by providing possibilities for alignment with other Community producers. It also made matters easier for the three Ruhr coal-selling agencies by authorizing them to grant certain rebates not shown in their schedules, so long as this did not adversely affect the other producers in the Community

*As regards imports*, the High Authority was endeavouring in 1957 to secure exact information as to the tonnages involved by the contracts in force for purchases of coal from third countries. To this end, it was continually urging the Governments to assemble all the facts and figures obtainable in order to form an accurate picture of the situation. It is unfortunate that these representations did not produce more prompt and complete results

When the Belgian and German Governments on February 24 and September 2, 1958, introduced their respective restrictions on imports of coal from third countries, the High Authority, once it had made sure that these were in conformity with the Treaty, and with the international agreements in force, hastened to authorize the emergency application of safeguards ensuring the "mutual aid" of the other member countries. These measures — subsequently confirmed under Article 71 of the Treaty — enable temporary

arrangements to be made in Belgium and Germany to check the true origin of coal arriving there from Community countries, in order to avoid indirect imports of coal from third countries.

41. *To help stabilize sales*, the High Authority in June 1958 authorized the conclusion of long-term sales contracts by all three Ruhr coal-selling agencies as soon as they applied to it to do so. <sup>1)</sup>

It further obtained the support of the Governments, under an agreement reached in the Council of Ministers on June 16, 1958, and in accordance with Article 57 of the Treaty, in its endeavours to ensure that the consumers, and more particularly the public services, railways, power-stations and so on, would take regular deliveries of coal, thus encouraging the latter not to cover their current requirements from stocks.

In January 1959, the High Authority contacted the Governments under the same Article 57 with a view to supporting the coke market by having orders placed for steel by the public services. <sup>2)</sup>

*To help stabilize production and employment*, the High Authority strongly urged the Governments to adopt the stock policy it had worked out at the beginning of 1958. As early as 1956, in its Memorandum on the Definition of the General Objectives, it had expressed the view that continuity of employment in the coalmining industry was one of the most important economic and social objectives, and that a stock policy ought to be laid down. In April 1958, the High Authority asked for the agreement of the Council of Ministers under

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<sup>1)</sup> See No 112 below

<sup>2)</sup> See No. 73 below

Article 53,*b* of the Treaty to the introduction of *financial arrangements to help pay for stocks of saleable coal accumulated in view of market conditions*.

In order that such assistance should be concentrated entirely on the stocks of saleable coal, the plan was that a bonus should be paid at a flat rate of one dollar per metric ton on the tonnage of saleable coal put to stock by collieries and colliery-owned coking-plants and falling between 3 and 11% of the total tonnage produced during the previous coal year. The bonus was to be financed by a special levy of approximately 0.05 dollars per ton. No bonus would be payable on stocks at pits still in receipt of subsidies, on stocks of household coal except in respect of the months of December, January and February, on slurry or on coal with an ash content of over 25%.

At the meeting of the Council of Ministers on June 16, however, the unanimous agreement required for the High Authority to institute such arrangements was not forthcoming.

42 The various measures thus adopted or proposed during the first nine months of 1958 were preventive in character and calculated, in the High Authority's view, to cushion the consequences of the deterioration in the market.

In September 1958, when the Community found itself faced with a serious worsening of the situation — marked primarily by a steady pile-up of pithead stocks — the High Authority again asked the Council to adopt a series of measures <sup>1)</sup> which included temporary financial arrangements to help pay only for tonnages put to stock after October 1, 1958. On October 13, the Council again failed to reach unanimity on this second proposal for financial arrangements under Article 53,*b* of the Treaty. When fresh High Authority proposals were submitted to it on the following day, however, the Council agreed to the introduction, in implementation of Article 95,1 of the Treaty, of a temporary system of helping

<sup>1)</sup> See No. 44 below

to finance stocks from the High Authority's own funds and from supplementary assistance to be provided by the Governments

The relief machinery thus agreed upon in principle is, however, only a palliative to alleviate the social implications of the accumulation of stocks. It is clearly essential that further thought should be given to the framing of a proper stock policy to provide against just such ups and downs in the market

Responsibility for the building-up of stocks rests primarily with the enterprises themselves. At the same time, it must be borne in mind that the building-up of stocks would be a better proposition for the enterprises if there were greater freedom for prices to rise again as demand recovered. Pressure by the Governments on the prices of Community coal has in no way helped to make it more adaptable to market fluctuations. In any event, if we accept that the requirements of economic stability make price fluctuations undesirable, it is all the more right and necessary to offset the effects of such fluctuations on stocks

43 After the opinion of the Consultative Committee had been heard, the unanimous agreement of the Council under Article 95,1 of the Treaty was at last secured on November 3, 1958, to the setting-aside of seven million units of account from the High Authority's own funds as financial assistance to alleviate the situation caused in the coalmining industry by the accumulation of stocks so high as to constitute a threat to continuity of employment <sup>1)</sup>

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<sup>1)</sup> See Decisions No 27/58, of November 5, 1958, and No 32/85, of November 26, 1958 (*Journal Officiel des Communautés européennes*, November 14 and December 8, 1959).

See also Decision No 1/59, of January 21, 1959, amending Decision No 27/58, of November 5, 1958 (*Journal Officiel des Communautés européennes*, January 27, 1959)

The assistance is payable to collieries and colliery-owned plants in respect of tonnages of hard coal (except slurry), hard-coal briquettes and hard-coal coke put to stock after October 31, 1958, where the monthly average of such tonnages exceeds the net production of 35 days worked. It may be paid either

- a) as non-repayable assistance amounting to one-twelfth of a dollar per metric ton per month for a period of one year, provided the Government of the country concerned grants the same; or
- b) as a recoverable advance amounting to one-sixth of a dollar per metric ton per month for a period of one year, provided the Government of the country concerned gives its own unconditional guarantee that this will be duly refunded. Where a Government is not in a position to give such a guarantee forthwith, the High Authority may grant a recoverable advance of one-twelfth of a dollar if the receiving enterprise can furnish a guarantee deemed to be sufficient.

Payment of the assistance may be made conditional upon the submission of a reorganization programme, and a number of enterprises are specially listed as not eligible.

On December 16, 1958, the High Authority asked the Consultative Committee for its views in regard to suggested improvements to the scheme : it would like the amount of the assistance from its own funds increased from seven to ten million units of account, the starting date advanced to October 1, and the number of days worked on which the reference tonnage is based reduced from 35 to 25

These draft proposals were laid before the Council at its meeting on January 13, 1958. The discussion was not completed on that occasion, and will not be resumed until after this Report has gone to press.

44 The other measures worked out by the High Authority in September 1958 and examined by the Council on October 13 and 14 related to production, conditions of sale, consumption and imports from third countries.

- 1) As regards *production*, the action proposed was designed to ensure stability of employment and to avoid short-time working as far as possible. It included, in addition to the rearrangement of holiday periods and the advancing of off-days, measures to intensify preparatory and development work, maintenance and other non-productive operations below ground, and efforts to improve quality. The High Authority also raised the question of the closing-down of particularly uneconomic pits, and recalled that ways and means were still available for the readaptation of discharged workers under Section 23 of the Convention containing the Transitional Provisions.

The Council found itself in agreement with the High Authority on this subject.

- 2) As regards *conditions of sale*, the object of the measures proposed was that the producers should make special efforts in the commercial field, particularly in the matter of competition from other sources of energy such as third-country coal and fuel oil, that a check should be kept on the prices charged in the Community for coal from certain third countries, and that the Governments should examine the conditions of competition (including fiscal charges) as between coal and fuel oil in the different Community countries.

The representatives of the Governments on the whole accepted the proposals. In regard to conditions of competition between coal and fuel oil, they agreed that fiscal distortions to the detriment of coal should be eliminated as quickly as possible.

- 3) As regards *consumption*, the High Authority proposed that it should be re-examined whether action might be taken under Article 57 to stabilize consumption and prevent a premature rundown of consumers' stocks leading to a drop in purchases of Community coal.

The representatives of the Governments said that they would be prepared to raise the matter once again with the consumers, but some of them commented that in view of the exceptionally high level of stocks already held by the big consumers in their countries, mainly in consequence of previous representations on behalf of the High Authority, no very substantial results could be expected.

- 4) As regards *imports*, the High Authority appealed to the solidarity of the member States by proposing two sets of measures, based on Articles 26 and 27 of the Treaty, the first designed to alleviate the present difficulties, and the second to promote the harmonization of import policies on a permanent basis

a) On the one hand, the High Authority requested the member States to do everything in their power to induce buyers to procure from Community coalfields at least the same proportion of their total supplies of solid fuel during the coal year 1958-59 as they did during the preceding boom. The aim was thus to increase deliveries of Community coal in substitution for coal from third countries.

Should existing import commitments be such that this would not be altogether possible, the High Authority proposed that the Governments examine whether importers might be given assistance to enable them to stock their third-country coal, instead of passing it on to consumers forthwith

As regards coal which has not yet been resold by importers to consumers, or for which no charter-parties have

yet been concluded, the High Authority urged that arrangements be made by agreement among the parties concerned

- (i) to release the importers from their obligation to take delivery,
- (ii) to extend delivery dates,
- (iii) to stock the coal imported.

Finally, the High Authority urged the Governments once again to assemble reliable information on existing import commitments, including charterings. In order to have an accurate overall picture of the position, it asked that importers should be required by their Governments to declare their purchase contracts and freight charters, giving tonnages, grades, delivery dates, call-off and delivery terms, escape clauses and ports of importation.

The Governments agreed to these suggestions, except to that of granting assistance to importers to enable them to stock coal from third countries, and to some of the points proposed for inclusion in the declarations of purchase and charter contracts (call-off and delivery terms, escape clauses and ports of importation). At the same time, while stating their willingness to co-operate with the High Authority in organizing a census of import commitments, they pointed out that in a number of countries there existed no legal basis for compelling importers to declare their contracts, particularly their charter-parties.

b) In conjunction with its proposals for regularizing procurements of Community coal in the member countries, the High Authority submitted to the Council suggested measures for the permanent harmonization of import policies.

It was agreed that a commission of Government delegates to assemble for the Council and the High Authority the material required for the regular comparison of imports



planned. The High Authority would have liked the Governments to go further and give some more definite undertakings in regard to their commercial policy, but the representatives of the Governments stated at the meeting of the Council on October 13, 1958, that there could be no question of limiting the sovereignty of the member States in matters of commercial policy *vis-à-vis* third countries.

Other High Authority proposals, such as that the Governments should reduce the coal import quotas figuring in the bilateral trade agreements with third countries, or should undertake to talk matters over in the Council of Ministers prior to any amendment — and particularly any relaxation — of existing import regulations, were also negatived. Some of these points will, however, ultimately have to be taken up once more.

Although the first steps towards the co-ordination of commercial policies have thus been modest, a basis for common action has at any rate been established. The seriousness of the present situation makes it clear that action of this kind will be needed in the future.

45 The various measures agreed upon by the High Authority and the Council of Ministers on October 13 and 14, 1958, have begun to produce results. The German Government, for example, has already in part corrected the fiscal distortion which had been operating in favour of fuel oil as against coal.

The procedure for getting importers released from their contracts has been brought into play mainly in Belgium and in the Federal Republic of Germany. In Belgium, contracts for substantial tonnages have been suspended,<sup>1)</sup>

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<sup>1)</sup> See No 30

while in Germany negotiations for the cancellation of contracts have gone forward on a commercial basis, and have already been successfully completed in respect of fairly large tonnages

The High Authority was all along anxious to make contact with the American Government in order to explain to it the difficult situation of the Community coalmining industry and the measures planned to deal with it. In November 1958 a meeting took place with Mr. Douglas Dillon and Mr. Henry Kearns, Under-Secretary of State and Assistant Secretary respectively in the United States Department of Commerce.

The talks took place in an atmosphere of mutual understanding the High Authority fully realizes that the coal situation is also extremely difficult in the United States, and that, in the context of a long-term import policy, it is necessary that the traditional import currents should be maintained, in order to ensure a regular flow of supplies to the market

The High Authority also had bilateral discussions with a number of member Governments regarding the implementation of the measures decided on in October. In particular, it insisted to the Italian Government that Italian procurements of Community coal must be stepped up without delay to the level agreed

On December 2, 1958, it had a discussion with the Chancellor of the Federal Republic of Germany and members of his Government. The meeting examined what additional action could be taken to alleviate the situation of the German coalmining industry, which seemed likely to undergo a further serious deterioration, since short-time working and cuts in the underground labour force had not reduced production at all, while it was uncertain what imports of coal might be expected to come in from third countries.

The High Authority informed the Federal Government that it intended to make changes in the arrangements for the collection of the levy, so that the collieries would be able to defer payment of the amounts due on coal stocked after January 1, 1958, until the coal was actually sold. The Council was subsequently consulted on the matter, on January 13, 1959, and the measure duly came into force <sup>1)</sup>

The High Authority further made known its intention of asking the Council to agree to the stepping-up of the special financial assistance for stocks. It has not, however, been able to take any decision in this connection, as the Council has not yet completed its examination of the application for its agreement <sup>2)</sup>

In the course of these talks with the Chancellor of the Federal Republic and members of his Government emphasis was laid on the need to ascertain exactly what tonnages of third-country coal were due to enter Germany in 1959 and to ensure that these were kept within reasonable bounds, and a number of possible ways and means of doing so were examined. At the conclusion of the various discussions which followed — including one at the meeting of the Council of Ministers on January 13, 1959 — the High Authority, on January 28, decided to convey a recommendation to the Federal Government under Article 74,3 of the Treaty, to the effect that a temporary duty, of not more than DM 20 per metric ton, should be imposed on all coal imported from third countries into the Federal Republic in excess of a fixed duty-free quota. The German Government had also come to the conclusion that some such action was necessary, and had proposed a quota for 1959 amounting to one-half of the average yearly tonnage imported from third countries during the period 1950-58, *viz.* 4.25 million metric tons. The High Authority for its part, basing itself on the forecasts worked

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<sup>1)</sup> See Decisions Nos 4/59 and 5/59, of January 21, 1959 (*Journal Officiel des Communautés européennes*, January 27, 1959)

<sup>2)</sup> See No 43 above

out for 1959 in co-operation with Government and producers' experts, stipulated in its recommendation that the duty-free quota for 1959 should not be less than 5 million metric tons. The Federal Government altered its projected legislation accordingly, and the Bills thus amended were duly voted by the Bundestag on January 30.

It should be noted that the High Authority reserved the right to change the quota should the situation so develop as to make this desirable. The figure of five million tons was calculated to have due regard to the natural anxiety not to increase short-time working, and also to preserve the traditional import currents as part of a long-term import policy.

The recommendation of January 28 further stipulates that in the application of the duty-free quota the Federal Government must avoid all discriminations as between one exporter country and another, and between one traditional route and another.

As regards the practical application of the measures concerned, the recommendation authorizes the Federal Republic to check incoming tonnages for origin. In addition, it asks the Governments of the other Community countries to take whatever action may be necessary to make these measures possible, more especially as regards checking the origin of coal going to the Federal Republic from their countries.

46 The measures agreed upon in October 1958 between the High Authority and the Council were debated by the European Parliament later in the month. The High Authority was subsequently able to inform the Parliament at the Extraordinary Session of December 15-17 of the supplementary measures worked out in the meantime. The Parliament, convinced that the only possibility for a lasting and equitable solution of the difficulties in the Common Market for coal lies in better co-ordination of production policy with the commercial policies of the member States, expressed the hope that the Council and the High Authority would institute such

The High Authority would reaffirm once again that should such co-operation prove inadequate, or should the action taken to date not enable the situation to be dealt with in a proper manner, it would be absolutely necessary to introduce without delay the measures which the Treaty empowers the Executive of the European Coal and Steel Community to take in the event of a "manifest crisis".

### **Section 3 — The Reorganization of the Belgian Coalmining Industry**

47. In its last General Report the High Authority gave a detailed account of developments in the Belgian coalmining industry during the transition period which expired on February 9, 1958. It concluded by clearly defining its own position at the outset of the new stage: "It is quite definitely essential that a strict programme of reconstruction be laid down. The utmost use must be made of the fact that subsidies can only be granted under Section 26,4 with the High Authority's agreement, the amounts, the tonnages and the terms on which the High Authority can give its permission must be such as really will enable Belgian coal to be integrated into the Common Market »<sup>1)</sup> Since that time the High Authority has continued to abide firmly in its day-by-day activities by the principles thus laid down.

48. To give a proper idea of the very wide-ranging subject of this reorganization process, it is worth noting a few essential facts and figures concerning the Belgian industry as it now stands, before going on to record step by step the progressive establishment of definite reorganization plans in 1958.

Belgium produced in 1958 a total of 27.1 million metric tons of coal. The number of pits was reduced during the year from 120 to 107, i.e. by over 10%. The shutdown figure does not include the Nord pit of the Rieu-du-Cœur colliery, or Pit 28 of the Charbonnages du Levant et des Produits du Flénu. These two pits, which are scheduled to be closed, are in the Borinage coalfield, a reorganization scheme for which is now being worked out, as will be seen below.

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol. II, Nos. 15-36).

The number of shutdowns varied from one coalfield to another, as may be seen from the following table, which shows the position at four representative dates since 1951

### Pits in Operation by Coalfields

Date	Centre	Charleroi	Liege	Borinage	Campine	Total
January 1, 1951	18	62	41	28	7	156
February 10, 1953	17	59	35	25	7	144
February 10, 1958	15	52	26	20	7	120
January 1, 1959	12	47	23	18	7	107

There have been no shutdowns in the Campine in the Common Market. Campine production is expanding, and seems likely to do so even more in the future as the reserves there are to be opened up more quickly.

In the course of the transition period 2 pits were closed in the Centre coalfield, 7 in the Charleroi coalfield, 9 in the Liège coalfield and 5 in the Borinage. During that time the production of the four coalfields of Southern Belgium fell steadily from 20.7 million metric tons in 1952 to 18.8 million in 1957, while Belgian overall production remained more or less unchanged at close on 30 million tons. Since February 10, 1958, 3 pits have been closed in the Centre coalfield, 5 in the Charleroi coalfield, 3 in the Liège coalfield and 2 in the Borinage (up to January 1, 1959). The production of the Southern coalfields in 1958 amounted to 17.1 million metric tons, out of a total of 27.1 million for Belgium as a whole.

49 Despite the exertions made, these rationalization operations have not sufficed to enable the whole of the Belgian coalmining industry to be finally integrated into the Common Market.

The end of the transition period brought the discontinuance of the system whereby Community assistance was given in the form of compensation payments, since then the Belgian Government alone has been paying such subsidies as are still required, pending full-scale reorganization.<sup>1)</sup> Moreover, the Coal and Steel Treaty provides for the progressive scaling-down and ultimate abolition of these production subsidies. The Convention annexed to the Treaty lays down, in Section

<sup>1)</sup> For all subsidies paid to Belgian collieries since 1953, see *Statistical Annex*, Table 16.

26,4,2, that the Belgian Government must obtain the High Authority's agreement to the ceiling of these subsidies and the tonnage to be subsidized, while the High Authority is itself required every two years to submit to the Council of Ministers proposals as to the latter figure

Thus since the expiry of the transition period the problem of the reorganization of the Belgian coalmining industry has become more urgent than ever. It may be recalled that the industry as a whole is characterized by very high production costs, and by selling prices which bring the delivered price of Belgian coal actually within Belgium above the delivered prices of the main competing coalfields in the Common Market.

In view of the urgency and magnitude of the problem, the High Authority decided, as was its duty under the Treaty, not to pass the Belgian Government's subsidy proposals in future unless definite undertakings were given as to the full and final reorganization of the Belgian coalmining industry.

50. The Belgian Government assigned the task of working out the reorganization programme to a group of experts set up within the Conseil National des Charbonnages. The Conseil National was remodelled under the law of January 24, 1958, in order to facilitate the operations for the structural reorganization of the coalmining industry, such as shutdowns, regroupings and mergers. Article 7 of the law gives it powers of decision in these matters. The decision to set up the group of experts was taken on July 24, and the group held its first exploratory meeting on August 7. Working sessions followed one another in rapid succession from September onwards, with three High Authority representatives sitting in at the proceedings. Two sub-committees were set up, the Economic Sub-Committee, to study the probable selling prices which would have to be fixed for Belgian coal to make it competitive in the Common Market, and the Technical Sub-Committee, to examine the possibilities for adjusting the costs of the Belgian collieries to market requirements, and also the plans for regional reconversion.

51. The Economic Sub-Committee of the group was able to submit its report to the Conseil National des Charbonnages on October 30. The Conseil National unanimously adopted the report, and asked the group to take it as the basis for its subsequent studies in regard both to negative rationalization, by the elimination of certain production capacities, and to positive rationalization, by the creation of new capacities. The great point about the Economic Sub-Committee's report is that it provides an analysis of the essential prerequisites for the integration of Belgian coal into the Common Market, by drawing a distinction between

the three markets, for coking coal, steam-raising coal and household coal respectively. As the Sub-Committee sees it, if Belgian coking coal is to sell in the Common Market it must be genuinely competitive with the Ruhr product, and must accordingly be reduced in price by 10-15%. As regards steam-raising coal, the market for which is steadily shrinking owing to competition from other forms of energy, prices should be level with the lowest in the Community, namely the Ruhr pithead prices, which would involve a reduction of 15-20%. The prices of Belgian anthracite, on the other hand, could be left as they stand, or be reduced by a mere 5%, at any rate in the short term, so long as increased competition from oil products does not make it necessary to cut them further.

52 Basing themselves on these premises, the group worked out, according to a number of different hypotheses as to the reduction in selling prices, the production volume which could be maintained in Belgium for each type of coal with the present structure of the industry what it is. Its report on these studies is entitled *Conséquences des réductions de prix sur le volume de la production*, and constitutes the skeleton framework of the reorganization scheme. It was adopted by a majority of the Conseil National at its meeting on December 8, 1958. The main findings in regard to the principal types of coal are as follows:

- a) as regards coking coal, by eliminating 14% of the 1957 production capacity (approximately 2 million metric tons) the industry would be enabled in the short term to bear an average fall in receipts of 10%. In the long term the production capacity would need to be reduced by as much as 23% for the industry to stand a 10% drop in receipts, and it would in this case moreover be necessary to open up the Campine reserves,
- b) as regards steam-raising coal, an average reduction of 10% in receipts would be the maximum at present feasible, and would involve eliminating 17% of the 1957 production capacity (approximately 1.3 million metric tons),
- c) as regards anthracite, the drop in receipts need average no more than 5%, in which case no further elimination of production capacity would be necessary.

53 The Technical Sub-Committee embarked straight away on a coalfield-by-coalfield examination of the difficult and delicate problem of the measures of positive and negative rationalization needed to cut the production costs of the collieries and make the industry suitable for integration into the Common Market. It began by making a detailed study of conditions in the Borinage. It submitted various proposals to the Conseil National des Charbonnages at the meeting on January 19,



1959, but there was no majority for any of them. It seems definite, however, that the five marginal collieries of the Borinage are to merge to form one company operating 5 pits instead of the present total of 14. The reorganization of the Borinage is a peculiarly difficult matter, since the whole economy of the area leaves much to be desired.

To take the matter from its more general angle, the full reorganization of the Belgian coalmining industry is not feasible unless it is accompanied by effective action to cushion the social impact of the shutdowns. The High Authority for its part is determined to make extensive use of the possibilities provided for in Section 23 of the Convention in order to protect the workers from all adverse effects liable to result from the reorganization measures.

54. The High Authority during 1958 repeatedly reminded the Belgian Government that under Section 26,4 of the Convention subsidies and the tonnages subsidized required its (the High Authority's) approval. It particularly emphasized that any subsidies granted by the Belgian Government were to be progressively scaled down and finally abolished. In a statement on January 13, 1959, the Belgian Government announced its decision to frame a programme of regularly-decreasing subsidies for the next few years. Economic assistance paid during 1958 totalled approximately Bfr 900 million under the Belgian Government's decisions; the amount is to go down to Bfr 800 million in 1959, Bfr 600 million in 1960, Bfr 400 million in 1961, Bfr 200 million in 1962, and nil from 1963 onwards. In accordance with the law of January 24, 1958, the subsidies will be paid through the Conseil National des Charbonnages, which is expected to supervise their utilization. To introduce this scheme, the Belgian Government must, by the terms of the Treaty, obtain the authorization of the High Authority, which in its turn must consult the Council of Ministers.

55. The High Authority has already had occasion to stress that it regards as most unfortunate the failure to take advantage of the boom period to introduce the necessary measures of reorganization in the Belgian coalmining industry. It notes with satisfaction, however, that the Belgian Govern-

ment and coal producers have finally come to grips with the problem, now at a crucial stage, since detailed reorganization programmes for each coalfield are being worked out in the Conseil National des Charbonnages.

After it has had the opportunity to study these programmes, the High Authority will finally decide whether it agrees to the payment of subsidies, and what assistance it is prepared to give for readaptation

#### **Section 4 — Steel and the Supply Situation as regards Raw Materials <sup>1)</sup>**

56 The result to date of the slowing-down in the rate of economic expansion has been a slight falling-off in iron and steel production and a marked easing of the previous tightness in the supply of raw materials. However, in the long term or in the event of a quick upturn in industrial expansion, certain problems of scrap supply may arise again, though with diminishing acuteness in so far as the expected increase in the ratio of pig-iron to scrap is achieved from 1959 onwards. In the longer term it also remains true, as has been observed on various occasions in the past, that from the mid-1960s onwards the Community will need to make sure of obtaining, on as advantageous terms as possible, considerably increased supplies of iron ore from external sources. <sup>2)</sup>

##### *IRON ORE*

57 *Supplies of iron ore to the Community iron and steel industry* in 1958 were more than adequate. In fact, there was even an appreciable increase in stocks, both at the mines and at the works

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<sup>1)</sup> Many of the annual figures in this Section are estimated. The exact figures for parts of the year will be found in the Statistical Annex.

<sup>2)</sup> See *Fifth General Report of the High Authority*, April 1957 (No 316) and *Sixth General Report of the High Authority*, April 1958 (Vol II, No 135).

## Community Position as regards Iron Ore

('000 000 metric tons Fe content)

Availabilities and requirements	1957	1958
Production of saleable ore	24 3	24 2
Imports	13 5	12 9
Availabilities	37 8	37 1
Consumption	35 8	34 6
Exports	0 33	0 27
Requirements	36 13	34 9
Additions to stocks	1 7	2 2

The extraction of crude iron ore has fallen in all the Community countries except France. <sup>1)</sup>

Country	1957	1958	Variation (%)
	('000 000 m t)		
Germany (Fed Rep )	18 33	17 98	—1 9
Belgium	0 14	0 12	—14 3
France	58 52	60 21	+ 2 9
Italy	2 61	2 15	—17 6
Luxembourg	7 84	6 64	—15 3
Community	87 44	87 10	—0 4

The overall drop of 0 4% is, however, very much smaller than that in pig-iron production (—3 5%) Stocks of ore at the mines accordingly increased, after rising from 3 6 million metric tons of saleable ore at the end of 1956 to 4 9 million at the end of 1957, they were up by the end of 1958 to over 7 million metric tons This total, however, represents only 9% of the annual consumption of Community-mined ore, as against 10% at the end of 1954. Stocks held by the works in France, the Saar

<sup>1)</sup> See *Statistical Annex*, Table 17

and Luxembourg, consisting mainly of Community ore, also increased (see table following):

*Exports* of Community iron ore decreased fairly markedly, in particular those to the United Kingdom, which takes two-thirds of these exports (ore from Normandy), and in which pig-iron production has been going down. Other exports — those of Bavarian ore to Austria — remained steadier.

*Imports* of iron ore, after reaching a record level during the first six months of 1958, dropped sharply during the second half-year, so that overall they worked out lower than in 1957, with 23.7 million metric tons as against 24.8 million. From the first half of 1957 to the first half of 1958 imports from Sweden went down from 5.2 to 4.8 million metric tons, and those from Spain from 1,000,000 to 600,000 tons, imports from Venezuela, on the other hand, rose from 500,000 to 1,100,000 metric tons.

Notwithstanding the decline in imports, *stocks of ore at the works* in Germany, Belgium, Italy and the Netherlands, consisting mainly of imported ore, increased as in 1956 and 1957, by about 1 million tons Fe content.

(\*000 000 metric tons Fe content)

Stocks	End of 1955	End of 1956	End of 1957	End of 1958
Stocks at works				
Germany (Fed. Rep.), Belgium, Italy, Netherlands	3.3	4.4	5.5	6.7 <sup>1)</sup>
France, Saar, Luxembourg	1.2	1.2	1.4	1.7 <sup>1)</sup>
Stocks at mines	1.3	1.1	1.5	2.2
Total Community stocks	5.8	6.7	8.4	10.6 <sup>1)</sup>

<sup>1)</sup> Estimated

Total stocks at the end of 1958 thus represented 30% of the total Community consumption of ore, as against 18% at the end of 1955.

58 *Trade in iron ore between Community countries* increased by 4.3% in the first nine months of 1958 in relation to the first nine months of 1957. <sup>1)</sup> French sales to the Belgian and Luxembourg iron and steel industry rose from 9.2 to 10.1 million metric tons, an increase of 9.8%,

<sup>1)</sup> For further detail, see *Statistical Annex*, Table 18.

although Belgian and Luxembourg pig-iron production dropped over the same period by 5.8%. Luxembourg deliveries to Germany fell from 340,000 to 17,000 metric tons, French deliveries to Germany remained unchanged at 820,000 metric tons <sup>1)</sup>

59      *The production of sintered ore* totalled approximately 22.5 million metric tons in 1958 as against 20.3 million in 1957, an increase of 11.1%, although pig-iron production declined from one year to the other by 3.5%. This trend is the result of the large-scale capital schemes which have been approved in respect of sintering plant since 1955, it may be expected to become more marked during the next few years <sup>2)</sup>

60      *The schedule-prices for iron ore* were altered in January 1958, when the prices of Lorraine ore were reduced by between 7.1 and 8.95%, and those of ore from the West of France by between 8.21 and 10.05%, from their level of the previous November, when they had undergone a 20% increase as a result of the French Government's monetary measures in October. The Pyrenean ores, on the other hand, which had not been included in the 20% increase in November, were up at January 1, 1958, by between 9.96 and 14.52% on the level of January 1, 1957. The prices for Siegerland ore were increased on January 1, 1958, by from 3.2 to 7.8%

Following the monetary operation at the end of 1958, practically all the Lorraine iron-ore mines and some in Western France and the Pyrenees lodged fresh schedules in January containing French-franc price increases of fairly widely-differing amounts, averaging 9%, and representing a dollar-price reduction in the region of 6%

#### SCRAP

61      *The position in the Common Market for scrap*, which had raised serious problems up to mid-1957, eased more and more as the rate of steel production slackened

Although the steelworks were operating well below capacity, scrap still had to be imported in large quantities during the first six months of 1958. During the second half-year, however, import requirements went down to a rate

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<sup>1)</sup> For further details, see *Statistical Annex*, Table 18

<sup>2)</sup> See Chapter Five below

representing 1.5 million metric tons per annum : a considerable proportion of this can be supplied by the shipbreaking industry and sources of imports in the neighbourhood of the Community

Over and above the cutback in iron and steel production, this narrowing of the Community's scrap gap is due to a simultaneous disproportionate fall in consumption and relative increase in resources.

Thanks to the plentiful supply of iron ore and coke, it was possible to achieve considerable reductions in the *specific consumption of scrap in the blast-furnaces*, which fell from its 1953-56 level of 100 kg. per metric ton of pig-iron to 87 kg in 1957 and 73 kg in 1958. The savings in scrap thus achieved in 1958 in relation to the 1953-56 position amounted to 1.2 million metric tons

*Specific consumption of scrap in the steelworks* remained at its 1957 level of just under 418 kg per metric ton of steel up to the middle of 1958. During the second half of the year it was reduced to approximately 400 kg per metric ton, representing a saving of something like 1 million metric tons a year at the present rate of production

The *rate of own arisings* rose sharply, until these were higher than the previous year's level with steel production nearly 2 million metric tons lower — they went up from 26.1% of steel production in 1957 to 27.5%, and by the end of the year were even above that. Events followed much the same course on the last occasion when production declined

Incomings from *internal scrap recovery*, on the other hand, were 500,000 metric tons lower in 1958 than in 1957, thus — doubtless partly as a result of reduced demand — touching their lowest level since 1954, after remaining more or less unchanged from 1955 to 1957

The Community balance-sheet for scrap illustrates these movements. It shows a slight surplus. the level of scrap *stocks at the works* continued, as it had done since early in 1956, to hover just below 3 million metric tons, but rose slightly at the end of the year to reach 3.1 million.

## Community Balance-Sheet for Scrap

('000 000 metric tons)

Availabilities and consumption	1957	1958 <sup>1)</sup>	Variation
Steel production	59 8	58 0	-1 8
Pig-iron production	45 1	43 5	-1 6
Works' own arisings	15 6	16 0	+0 4
Incomings from internal scrap recovery	10 4	9 9	-0 5
Disposals by iron and steelworks	-1 15	-1 25	-0 1
Internal availabilities	24 85	24 65	-0 2
Imports from third countries <sup>1)</sup>	4 25	2 4	-1 85
Total availabilities	29 1	27 05	-2 05
Consumption by blast-furnaces	3 9	3 2	-0 7
Consumption by steelworks	24 9	23 7	-1 2
Total consumption	28 8	26 9	-1 9
Additions to stocks	+0 3	+0 15	

<sup>1)</sup> Including shipbreaking scrap and certain types of high-cost scrap recovered within the Community

It should be noted that the improved scrap balance of the Community is due to a conjunction of trends which are favourable except in the case of internal recovery) but are dictated by the state of the market. In the event of a return to normal production conditions, specific consumption of scrap, particularly in the blast-furnaces, would very probably rise and the rate of own arisings would fall, while internal recovery, as we have seen, has not shown any upward trend since 1955. However, from 1959 onwards there will be one fundamental point to the good, namely the steady improvement in the ratio of pig-iron to crude-steel production *potential* this had gone down from 829 kg per metric ton in 1952 to 738 kg in 1958, but will be up once more to 760 kg in 1959, and probably to 780 kg. in 1961. A special effort will need to be made to intensify and accelerate this process, in order to reduce as quickly as possible the scrap deficit which would continue over the next few years in the event of a further period of boom production.

With these two aspects in mind, the High Authority proposed that the compensation scheme for imported scrap should be retained in

principle, but should become operative only if the state of the market required it, and even so in a limited degree and for a limited period, until the enterprises have had time to restore the balance between pig-iron and steel by the completion of their capital schemes <sup>1</sup>.

The High Authority is carrying out detailed studies concerning the long-term prospects for scrap supplies, and in particular for internal recovery. Experts met on a number of occasions to discuss the subject during 1958. Their work is to continue.

Three-quarters of the total *scrap imports* for 1958 came from the American continent. In the second half of the year the proportion was slightly lower, in consequence of the reduction in the volume of imports and the opening-up of new sources of supply, such as the United Kingdom.

Italian imports fell by one-quarter from 1957 to 1958, Belgian and French by one-half and German by two-thirds. Imports by the Netherlands, though always small, increased somewhat.

*Exports of scrap* by the Community remained extremely low. They are, as a matter of fact, prohibited in principle; however, export licences having been granted for certain very limited tonnages (mainly of light scrap, the consumption of which has dropped sharply in the Community as a result of the reduction in the input ratio of scrap for the blast-furnaces), they amounted to 35,000 metric tons during the first nine months of 1958, as against 15,000 metric tons during the first nine months of 1957.

62 *Trade in scrap within the Community*, which has remained since 1954 more or less in the region of 1.8 million metric tons per annum, was 2% lower in the first six months of 1958 than in the first six months of 1957. Procurements by Germany and Belgium were down by one-half, and procurements by Italy by 22%. These still, however, accounted for one-half of total purchases. Procurements by France, on the other hand, more than doubled. Deliveries by all countries decreased, with the exception of those by Belgium, which showed an appreciable rise <sup>2</sup>).

63 The downward trend in *scrap prices* which set in in the spring of 1957, after the record level reached at the beginning of that year, continued in 1958, reflecting the general easing in the scrap market. This fall in the dollar prices of scrap was accentuated in France by the monetary measures introduced at the end of 1958, although these were followed by a certain increase in the French-franc prices.

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<sup>1</sup>) See No 68 below.

<sup>2</sup>) See *Statistical Annex*, Table 19.



Country	April- August 1954 (prices ex-dealers' yard, exclusive of taxes, Category 11, in dollars per metric ton)	February 1957	January 1958	January, 1959	Variation 1958/57 (%)
Germany (Fed Rep)	27 32	42 49	36 29	31 27	-13 8
Belgium	30 50	51 43	35 25	28 00	-20 6
France	25 50	46 00	34 00	25 50	-25 0
Italy	29 00	51 20	38 40	33 60	-12 5
Luxembourg	—	47 94	37 25	—	—
Netherlands	28 75	50 48	35 71	30 95	-13 3

The cost of scrap in the Community dropped still more sharply, as the *price-compensation contribution* payable on each ton of imported scrap bought went down from the record level of \$ 13 reached for March-April 1957 to \$ 10 50 for the remainder of the year. It subsequently stood at \$ 8 for the first three months of 1958, rose to \$ 8 65 for April, and then dropped to \$ 5 for May and June. It was then fixed by the High Authority at \$ 3 70 for July, \$ 2 40 for August, \$ 3 10 for September and \$ 2 60 for October 1958.

64 The *compensation scheme for imported scrap* set up by the High Authority by its Decision No. 2/57 to run until July 31, 1958, was extended up to October 31, and then to November 30, by Decisions Nos. 16/58 and 18/58. Decisions Nos. 26/55 and 3/56, passed to encourage increased consumption of pig-iron in steel-making, had expired, after being also extended, on July 31, 1957 <sup>1)</sup>

65 Decision No. 2/57, of January 27, 1957, requiring scrap consumers to pay, over and above their previous compensation contributions, a *surcharge* going up in accordance with an ascending scale if their scrap consumption exceeded that of a reference period, was the subject of a number of appeals to the Court of Justice. These were, however, dismissed.

<sup>1)</sup> For the whole corpus of decisions concerning price-compensation on imported scrap, see *Sixth General Report of the High Authority*, April 1958 (Vol. II, No. 70).

Premising that financial arrangements of this kind are among the means of indirect action in regard to production which the High Authority is required by Articles 5 and 57 of the Treaty to employ in preference to direct action (Articles 58 and 59), the Court found that the High Authority, by instituting the financial arrangement provided for in Decision No 2/57, had contrived, in accordance with objective criteria free from any arbitrary or discriminatory element, to reconcile the aims of Article 3 of the Treaty as circumstances in the common interest demanded, without laying itself open to the criticism that it had made use of Article 53 (institution of financial arrangements) in place of Article 59 (allocation) or Article 54 (co-ordination of investment).

The Court emphasized that Articles 5 and 57 made it incumbent upon the High Authority to give priority to indirect action, and to take direct action in regard to production and to the market only when compelled by circumstances to do so. It also found that while the operation of financial arrangements in regard to prices did constitute strong and effective action on the part of the High Authority, these were indirect in character within the meaning of Article 57 of the Treaty, in contrast to direct action by the fixing of production quotas (Article 58) or by the allocation of resources (Article 59).

The Court further gave it as its opinion that "in the pursuit of the objectives set forth in Article 3 of the Treaty, the High Authority must work to ensure such permanent reconciliation as may be required of any contradictions between those objectives taken separately, and in the event of such reconciliation proving impossible must accord to one or other of them whatever temporary priority it may deem to be indicated by the economic facts or circumstances in the light of which it takes its decisions in implementation of the duties laid upon it by Article 8 of the Treaty."

Applying these considerations to the case in point, the Court finally concluded that "so far from contradicting one another, the ends thus pursued reconcile in the common interest the aims laid down for the High Authority by Article 53 of the Treaty, inasmuch as, without impeding the expansion of production, they encourage producers to bring this about by using plant consuming pig-iron in preference to plant consuming scrap, which latter would, by the operation of the compensation scheme, have imposed upon scrap consumers as a whole such additional burdens as seriously to prejudice the pursuit of the objectives set forth in Article 3."

The appellant enterprises also claimed that the High Authority was not entitled to act in respect of investment by means of the financial arrangements provided for in Article 53. This argument was likewise rejected by the Court, which found that the provisions of Article 54 of the Treaty "in no way preclude the adoption of measures, in conformity with the combined provisions of Articles 3, 5, 53, 54, 57 and 59 of the Treaty,

the implementation of which is likely to influence the orientation of capital schemes planned by the enterprises, in particular, the pricing rules provided for by Article 53,*b*, which the High Authority is entitled to employ as an indirect means of action in regard to production, are bound to have effects liable to influence producers' anticipations and more particularly their investment projects; the combined provisions of Articles 3 and 53,*b* cannot therefore be impugned as an abuse of power with respect to Article 54 "

66 The Court also dismissed two appeals lodged by the *Compagnie des Hauts Fourneaux de Chasse*, which, as the sole producer of hematite pig-iron from relatively low-grade home-recovered scrap only, considered itself to be set at an undue disadvantage by the price-compensation scheme for imported scrap

In its judgment the Court referred, *inter alia*, to the measures instituted by the High Authority first under Decision No 14/55, and then under Decision No 2/57, to correct the incentive to scrap consumption resulting from the actual operation of the compensation scheme

67 Finally, following an appeal by the *Meroni Company* against a High Authority decision requiring it to pay its outstanding contributions to the Compensation Office for Imported Scrap, the Court reversed the decision in question <sup>1)</sup>

The Court found that the decisions setting up the price-compensation scheme for imported scrap involved a delegation of certain of the High Authority's powers to the two Brussels offices (the Joint Office of Scrap Consumers and the Compensation Office) which was not in accordance with the Treaty To clear up the situation which resulted, the High Authority, with the unanimous agreement of the Council, on July 24, 1958, adopted three decisions concerning the financial arrangements in respect of imported scrap.

The first, No 13/58, transferred to the High Authority the powers previously vested in the two Offices, and empowered it to take the necessary steps, on the basis of the indications given by the Court in the *Meroni* case, to carry through and complete the operations in connection with the management of the compulsory financial arrangements which had been successively in force from April 1, 1954, up to July 31, 1958.

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<sup>1)</sup> See the text of the judgments as reproduced in the *Journal Officiel des Communautés européennes*, July 17, 1958

The second, No 14/58, was designed to eliminate certain difficulties of interpretation which had arisen in the implementation of that portion of Decision No 2/57, setting up the Joint Office for Imported Scrap, which related to the introduction of a supplementary contribution rate (surcharge)

The third, No. 16/58, extended from August 1 to October 31, 1958, the compensation scheme then in force (amended to incorporate the various corrections and particulars set forth in the first two decisions), it being understood that the High Authority had power to suspend and reintroduce the arrangements prescribed. Should it intend doing so, it was required to notify the Governments of the member States as early as possible <sup>1)</sup>

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<sup>1)</sup> In implementation of these decisions, the following supplementary decisions were taken

- (a) Decisions Nos 19/58, 21/58, 22/58 and 23/58 (*Journal Officiel des Communautés européennes*, November 14, 1958), respectively :
  - fixing the mode of calculating the compensation price of scrap for the months of May to October 1958 inclusive,
  - concerning indemnification for loss of interest as recognized under the compensation scheme for imported scrap and scrap ranking as such in accordance with Decisions Nos 22/54, 14/55, 2/57 and 16/58,
  - fixing the practical details as to eligibility of purchases of imported scrap and scrap ranking as such for price-compensation,
  - fixing the conditions of payment in respect of compensation on imported scrap and scrap ranking as such
- (b) Decisions Nos 29/58 and 30/58 (*Journal Officiel des Communautés européennes*, November 29, 1958), respectively .
  - making the Compensation Office for Imported Scrap responsible for certain duties in connection with the winding-up of the financial arrangements instituted under Decisions Nos 22/54, 14/55, 26/55 and 2/57
  - confirming, for the purposes of the implementation of Decision No 16/58, the nomenclature of types of plant and production processes contained in Decision No 21/57 for the purposes of the implementation of Decision No 2/57
- (c) Decisions Nos. 13/59 and 15/59 (*Journal Officiel des Communautés européennes*, February 18, 1959), respectively
  - waiving Article 7 of Decision No. 16/58 (i.e. the obligation to pay a surcharge on increases in stocks of scrap),

(contd on page 92)

68. Extended in July and October 1958, the scrap-price compensation scheme was due to come up for re-examination by November 30, when the decisions relating to it finally expired <sup>1)</sup>

The High Authority accordingly asked the Council for its agreement to two draft decisions. These provided in the first place for an arrangement to encourage the increased use of pig-iron in steel-making by granting bonuses to offset the additional expense to which the enterprises would be put by the use of pig-iron in place of scrap. It had by that time become possible to step up pig-iron consumption in this way, inasmuch as pig-iron production capacity was no longer being fully utilized. This increase would moreover help the

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(contd. from page 91)

- fixing the mode of calculating the compensation price of scrap for the months of November 1958 to January 1959 inclusive
- (d) A communication to those enterprises within the meaning of Article 80 of the Treaty which are consumers of scrap and are liable for the payment of compensation contributions on imported scrap under High Authority Decisions Nos 2/57 and 16/58 (*Journal Officiel des Communautés européennes*, February 18, 1959).
- (e) The following decisions fixing the tonnages to be subject to price-compensation or the rate of the contribution payable
  - Decision No 15/58 (*Journal Officiel des Communautés européennes*, July 30, 1958),
  - Decision No 17/58 (*Journal Officiel des Communautés européennes*, September 20, 1958),
  - Decision No 20/58 (*Journal Officiel des Communautés européennes*, November 14, 1958),
  - Decisions Nos 29/58 and 30/58 (*Journal Officiel des Communautés européennes*, November 29, 1958),
  - Decision No 14/59 (*Journal Officiel des Communautés européennes*, February 18, 1959)

<sup>1)</sup> For the whole corpus of decisions concerning compensation on imported scrap, see *Sixth General Report of the High Authority*, April 1958 (No 70)

coal situation, since it would lead to a certain rise in coke consumption.

Although the High Authority was ultimately aiming at the permanent liberalization of the scrap market, it was also planned to institute a compensation scheme for imported scrap, which was to become operative only if and when either the blast-furnaces were running practically to full capacity or the price charged for scrap in the Community in comparison with that charged in third countries was such as might adversely affect the competitive position of the Community steel producers

In addition to these conditions as to its implementation, the scheme was subject to certain limitations as to scope and duration. The levy was not to exceed 10 dollars per ton during the first five quarters of its operation, and was to be progressively scaled down to nil during the four quarters following. Compensation would thus have been abolished twenty-seven months from its reintroduction: the enterprises would have been able to use this period to make their arrangements in regard to investment, and so restore the structural balance of the Community's supplies of ferrous matter.

The Council, meeting on November 25, 1958, found itself unable to agree unanimously to the High Authority's draft decisions, which were intended as a transition scheme pending the establishment of a structural balance. Since December 1, 1958, therefore, no financial arrangements have been in operation in the Community scrap market, except in respect of transactions under previous decisions which have not yet been completed.

As price-compensation has thus been entirely done away with, the High Authority considers that the new system must be given time to produce results, and the enterprises time to adjust themselves to it. It is accordingly anxious that the system should last, even if a certain tightness were to make itself felt in the scrap market in the future.

68a Following the discovery in the Netherlands that certain fraudulent operations had been going on at the expense of the Compensation Office for Imported Scrap, a check was begun on compensation payments since the beginning of 1954. This was initially carried out on the instructions of the Compensation Office. In September 1958 the High Authority decided to take over and speed up the investigation.

The High Authority submitted a first interim report on the results of the check to the Internal Market Committee of the European Parliament on January 15, 1959. The Committee will be kept informed of the progress of the work, which covers all transactions since the beginning of 1954. As soon as it is completed, a final report will be submitted to the Assembly.

#### PIG-IRON

69. As in previous years, *pig-iron production* potential increased less rapidly than crude-steel production potential, so that the ratio is now down from 749 to 738 kg. of pig-iron per metric ton of steel. Utilization of capacity was, however, higher for pig-iron than for steel, the rates being 87.2% and 85.7% respectively. (The figure in 1956 and 1957 was 96% for both.) Despite the difference in the rate of expansion of the capacities concerned, therefore, actual pig-iron production declined very little more than actual steel production, and the ratio went down only to 751 kg. per metric ton in 1958, as against 754 kg. in 1957. In point of fact, this slight mean decrease is the product of two contrary trends: during the first half of the year the pig-iron/steel ratio fell to 742 kg. per metric ton, whereas during the second it rose again to 761 kg., reflecting a certain amount of substitution of pig-iron for scrap in the steelworks. In view of the improvement due in the ratio of pig-iron to crude-steel production potential from 1959 onwards, this satisfactory trend seems likely to continue.<sup>1)</sup>

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<sup>1)</sup> See No. 61 below.

Production	1957 ( <sup>1</sup> 000 metric tons)	1958	Variation %
Maximum possible crude-steel production	63.7	67.6	-6.1
Maximum possible pig-iron production	47.6	49.9	-4.8
Actual crude-steel production <sup>1)</sup>	59.8	57.9	-3.1
Actual pig-iron production <sup>2)</sup>	45.1	43.5	-3.5

<sup>1)</sup> See *Statistical Annex*, Table 23

<sup>2)</sup> See *Statistical Annex*, Table 22

70 From 1955 onwards the Community's *external trade in pig-iron* had been showing a slight deficit of some 100-150,000 metric tons per annum. The deficit increased during the first half of 1958, imports having risen and exports declined simultaneously. During the second half of the year, however, the situation as a whole improved, and net imports for the full year finally worked out at 366,000 metric tons, as against 113,000 in 1957. This represents 0.8% of the Community's total supply of pig-iron, as against 0.25% in 1957. They stand in a proportion of 5.5% to the tonnages of pig-iron sold as such by the iron and steel works, as against 2.1% in 1957.

(<sup>1</sup>000 metric tons)

Pig-iron (all types)	1st six months, 1957	2nd six months, 1957	1st six months, 1958	2nd six months, 1958 <sup>1)</sup>
Imports	262	244	341	220
Exports	177	216	85	110
Net imports	85	28	256	110

<sup>1)</sup> In part estimated

Imports during the first half-year from Eastern Europe, including the Soviet Union, dropped from 96,000 metric tons in the first half of 1958 to 58,000 metric tons, while imports from Canada and the United States rose from nil to 122,000. Exports to all countries declined, with the exception of those to the United Kingdom.



71 The Community's internal trade in pig-iron moved as follows

Country	1st six months, 1957 ( <sup>1</sup> 000 metric tons)	1st six months, 1958	Variation (%)
<i>Deliveries to other Community countries by <sup>1)</sup></i>			
Germany (Fed. Rep.)	129	106	-17.8
Belgium/Luxembourg	16	15	-6.2
France/Saar	126	71	-43.7
Italy	—	1	
Netherlands	34	39	+14.7
Community	305	232	-24.3
<i>Purchases from other Community countries by <sup>1)</sup></i>			
Germany (Fed. Rep.)	27	24	-11.1
Belgium/Luxembourg	146	86	-41.1
France/Saar	75	80	+6.7
Italy	50	39	-22.0
Netherlands	7	2	-71.4
Community	305	231	-24.3

<sup>1)</sup> Customs figures deliveries calculated from import statistics

The main developments of note were the fall in Benelux procurements from France and in Italian procurements from Germany

72. As the rise in imports coincided with the slackening of blast-furnace activity in the Community and a certain increase in pig-iron stocks at the works, Community enterprises reacted to this third-country competition by aligning their prices more frequently with third-country quotations, in accordance with Article 60. Sales on the strength of price-alignments, which were practically nil during the boom period, in 1958 accounted for 4% of the total sales of hematite steel-making pig-iron and 6% of those of foundry pig-iron, alignment in the latter case tending to become more frequent as the year went on. The aligned prices deviated further and further from the original schedule prices, the average difference in the third quarter of 1958 being approximately 18% for pig-iron and 6% for ferro-manganese.

It should be noted that in view of the trend in the Community's external trade and in the production of pig-iron, Customs duties on hematite steel-making pig-iron, previously suspended, were reimposed as from January 1, 1959.

In addition to the price reductions made by alignment with quotations from third countries, which after all affected only a comparatively small proportion of total sales, major price cuts were made

in most of the Community countries.<sup>1</sup> The following table shows the latest prices as compared with the lowest level reached during the last recession in the Community iron and steel industry, and with the highest reached during the subsequent boom

**Movement of Prices since the Introduction of the Common Market (May 1953)<sup>1</sup>**

(S units of account)

Country	Phosphorous foundry pig (PI — 14%)			Hematite steel-making pig		
	Oct 1954	Aug 1957	Feb 1959	Oct 1954	Aug 1957	Feb 1959
Germany (Fed Rep)	65.40	75 67 <sup>3)</sup>	65 95 <sup>2)</sup>	54.77	69 37 <sup>2)</sup>	60.24 <sup>3)</sup>
Belgium	56 00	74.00	66 00	58 70	80 10	80.10
France	60 00	69 05 <sup>2)</sup>	62 51 <sup>3)</sup>	58 86	82 57	65.83
Italy	64 00	89 60	64 00	59 20	88 00	57.60
Netherlands (for comparison)	57 00	74 25	74 25	61.44	81.75	81.75
U K	38 51	55 12	55 12	48 23	70 62	70.62
U S A		65.45	65 45	54 38 <sup>4)</sup>	63 48	64.96

<sup>1)</sup> For further details see *Statistical Annex*, Table 34

<sup>2)</sup> December 1957

<sup>3)</sup> Allowing for rebates

<sup>4)</sup> Up to June 1954

In Italy, the schedule prices were 35% lower than the top August 1957 prices for hematite steel-making pig-iron and 29% lower for phosphorous foundry pig-iron. In Belgium, the prices for phosphorous foundry pig-iron were down by 11%, while those for hematite steel-making pig-iron remained unchanged.

In Germany, the schedules prices themselves were not altered, but rebates of 8.2% were granted during the autumn on the prices for hematite steel-making pig-iron to buyers whose input of pig-iron in the open-hearth furnace was above a certain level and who obtained the whole of their pig-iron supplies within the Community, where such consumers increased their pig-iron input ratio by 10% or 15%, the rebates were increased to 9% and 10% respectively. From January 1 to March 31, 1959, a uniform rebate of \$ 9.64 was allowed to all buyers obtaining the whole of their pig-iron supplies within the Community. In addition, a rebate of 12-13% was granted by some producers of foundry pig-iron in respect of deliveries to be made between December 1, 1958, and March 31, 1959.

<sup>1)</sup> For further details, see *Statistical Annex*, Table 34

In France, the dollar prices fell by between 5.8 and 13.6% as a result of the monetary operation, although the French-franc prices were raised by from 1.6 to 10.7%. In addition, a rebate of 2.5% has been granted from January 30 to June 30, 1959, to all buyers obtaining the whole of their pig-iron supplies within the Community.

#### *TREND IN THE COMMON MARKET FOR STEEL*

73 Steel production in 1958 was 3% below the record level reached in 1957. Real consumption of steel, on the other hand, appears to have increased by about 3%, to judge from the increase in industrial production, with which it is always very closely linked.

This contrast in trends is not due to any decline in steel exports, which indeed reached a new record level in 1958. It is due to the rundown of stocks which has been in progress in the Community since the second quarter of 1958, with producers, dealers and consumers all working off their accumulated stocks at the same time, though not at the same rate.

Producers' stocks in the Community as a whole, which were about normal until mid-1957, thereafter increased up to the end of the first quarter of 1958. They remained more or less unchanged for the following three months, until the middle of the year, after which they slowly decreased. Dealers' stocks followed much the same trend, rising from the middle of 1957 to the end of the first quarter of 1958, remaining stable during the second quarter, and thereafter going down.

The biggest changes, however, were in consumers' stocks, which incidentally represent the largest proportion of the total. So far as it is possible to estimate these, they reached their highest level at the end of the first quarter of 1958. From the second quarter onwards they fell fairly steeply, towards the end of the year this trend became still more marked, and it seems likely to continue during the first quarter of 1959. It would appear to represent an adjustment

of the level of stocks to an easier supply situation, after two decades in which, with two short intervals, the demand for steel always exceeded the supply

If production had to be cut back somewhat to allow for the rundown of stocks, the market, as reflected by the flow of new orders to the iron and steel industry, was very much harder hit, owing to the shrinkage of order-books and consequent shortening of delivery dates. Following the transition from a seller's to a buyer's market, and more particularly the appreciable shortening of delivery dates, consumers, who had previously sought to make sure of their supplies by placing orders well in advance, and even ordering larger tonnages than they really needed, sharply reduced the volume of their new orders and began instead to draw upon their own stocks of steel and their older orders which had been piling up on the books at the works. Orders in hand thus dropped from the record total of 15.2 million metric tons at the end of 1956 to 12.8 million at the end of 1957 and 8.7 million at the end of 1958. Except in France and the Saar, where they still represent three months' deliveries, they are now down in all the countries of the Community to two or two and a half months, slightly lower than the level during the minor recession of 1953-54.

This shrinkage of order-books is due primarily to the trend in orders from within the Community: these were 5 million metric tons lower in 1958 than in 1957, whereas orders from third countries were actually 2 million tons higher, almost up to the peak figure of 1956.

This deterioration of the internal steel market due to the rundown of stocks, and the resulting repercussions on the coal situation, impelled the High Authority to make representations to the Governments, in accordance with Article 57 of the Treaty, urging them to keep up, and if possible step up, the flow of orders to the iron and steel industry from those steel-consuming sectors which they were in a position to influence either directly or indirectly.

Exports to third countries were still higher than new orders from them, so that the order-book for these countries continued to shrink. The need to meet internal Community requirements was no longer so pressing as to interfere with exports, and these accordingly achieved a new record in 1958 in tonnages delivered, though not in value, since prices were considerably lower than in 1956 <sup>1)</sup>

Within the Community, the fall in prices was less marked, though substantial enough in the Benelux countries and Italy. The reductions in schedule prices are accentuated by the fact that more and more firms are aligning their quotations with those of their cheapest competitors <sup>2)</sup>

74 The level of *new orders, deliveries and orders on the books* moved as follows

#### Orders for and Deliveries of Rolled Products <sup>1)</sup>

('000 metric tons)		
Orders/deliveries	1957	1958
<i>New orders booked</i>	40 219	37 544
from the Community	33 190	28 290
from third countries	7 029	9 254
<i>Deliveries by works</i>	42 923	41 900 <sup>2)</sup>
to the Community	34 330	32 400 <sup>2)</sup>
to third countries	8 593	9 500 <sup>2)</sup>
<i>Orders on books at end of period</i>	12 842	8 650 <sup>2)</sup>
from the Community	10 330	6 400 <sup>2)</sup>
from third countries	2 512	2 250 <sup>2)</sup>

<sup>1)</sup> For further details, see *Statistical Annex*, Tables 20 and 21

<sup>2)</sup> Estimated

<sup>1)</sup> See No 84 below.

<sup>2)</sup> See No. 82 below

This table brings out clearly the fact that during the period under review the tonnages delivered exceeded the tonnages ordered the excess amounted to 2.2 million metric tons in 1957 and 4.2 million in 1958, thus reversing the position which prevailed in 1955 and 1956, when orders exceeded deliveries

75. *Steel production* noticeably declined during the year in the first quarter it was running 3.2 % above the level for the corresponding quarter of 1957, whereas by the last quarter it was 9.3 % below. The trend took a different course in the different countries according as the effects of the recession were felt there earlier or later in the year. In Belgium and Luxembourg, production was from the outset lower than it had been during the same portion of 1957; in Italy this was true from March onwards, and in Germany from April onwards. In France and the Saar, on the other hand, production achieved an all-time record as late as October, only to drop in November below the level for November 1957. The steep rise in production recorded for the Netherlands is due to the fact that early in 1958 new capacities were brought into operation which increased production potential by 22 % over the previous year <sup>1)</sup>

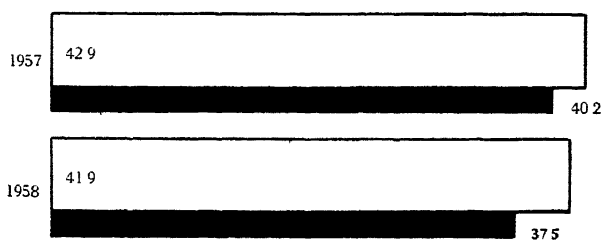
Country	1957 ( <i>'000 metric tons</i> )	1958 ( <i>'000 metric tons</i> )	Variation (%)
Germany (Fed. Rep.)	24 508	22 785	-7.0
Saar	3 452	3 485	+0.6
Belgium	6 267	6 005	-4.2
France	14 106	14 590	+3.5
Italy	6 766	6 270	-7.7
Luxembourg	3 493	3 380	-3.3
Netherlands	1 183	1 435	+21.1
Community	59 775	57 950	-3.1

<sup>1)</sup> See *Statistical Annex*, Tables 23 and 24

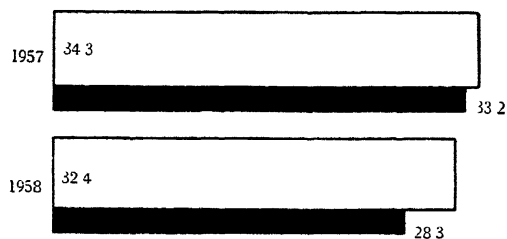
# ORDERS FOR AND DELIVERIES OF ROLLED PRODUCTS

( 000,000 metric tons )

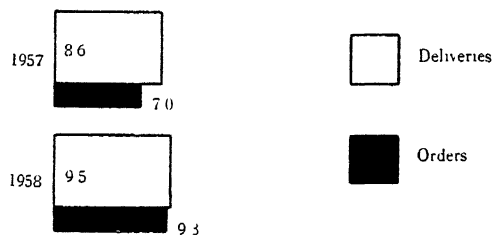
## Total



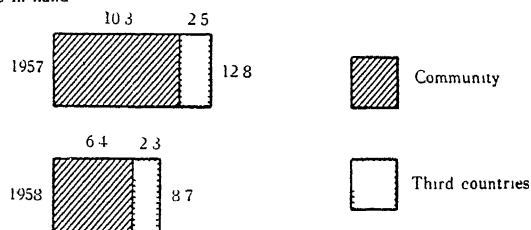
## Common Market



## Third countries



## Orders in hand



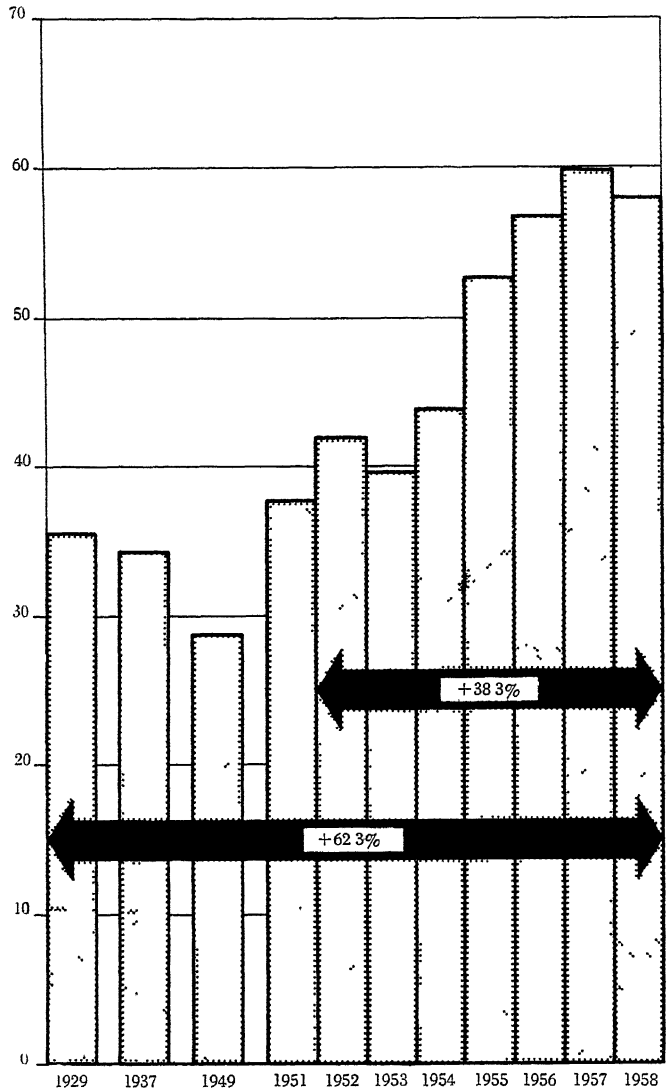
76. Comparison of Community steel production with that of the *other main producer areas of the world* indicates that the Community has fared better than the United States, the United Kingdom and Japan. The fact remains that both in the Community and in the rest of the Western world production has declined, whereas it is continuing to increase in the countries of Eastern Europe, in the Soviet Union, and most markedly of all in China.

Country	1957	1958	1957	1958
	('000 metric tons)		(% )	
U S A	102.3	76.9	34.9	28.1
Community	59.8	58.0	20.4	21.2
U S S R	51.0	54.9	17.4	20.1
U K	22.1	19.9	7.5	7.3
Eastern Europe	16.2	17.4	5.5	6.4
Japan	12.6	12.1	4.3	4.4
China	5.3	11.0	1.8	4.0
Other areas	24.0	23.3	8.2	8.5
World	293.3	273.5	100.0	100.0

77. The drop in actual production affected the three main *production processes*, basic Bessemer, open-hearth and electric furnace, more or less equally. Production potential, however, increased, though distinctly faster in the case of electric-furnace steel than in that of either basic Bessemer or open-hearth, and at the same time faster in the case of open-hearth than in that of basic Bessemer, but it must be borne in mind that three-quarters of the Community's electric-furnace and open-hearth steel are produced in Germany and Italy, in both of which the decline in production in 1958 was especially marked. Production of acid Bessemer steel, which accounts for only 0.4% of the total, dropped sharply. On the other hand, steel is now beginning to be produced on some scale by the new L/D, Rotor and other processes. Industrial production of these steels started in the autumn of 1957, and is expected already to represent 1.3% of total Community steel production for 1958.

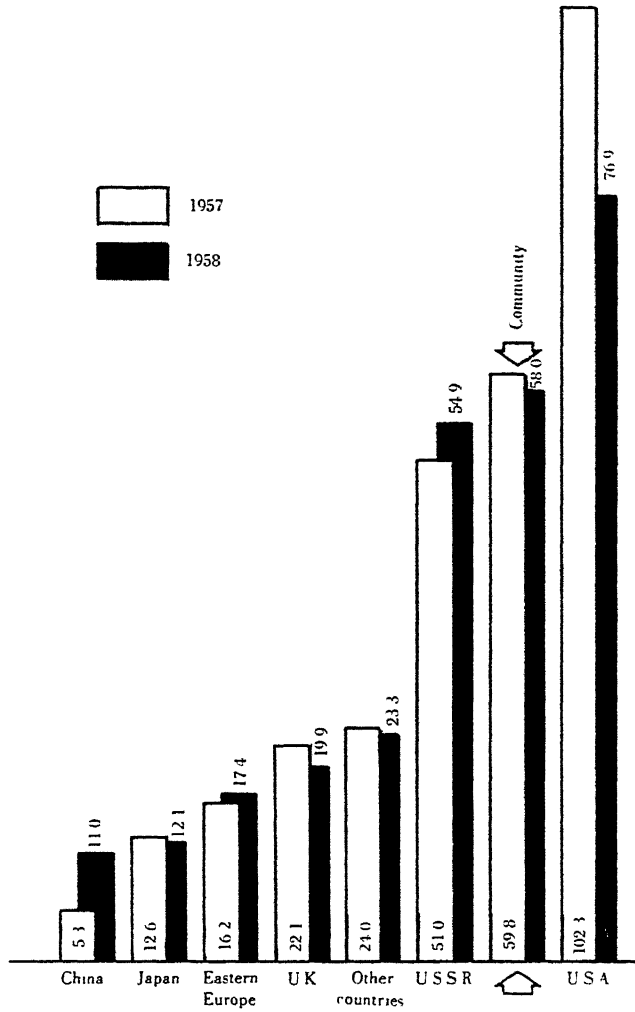


COMMUNITY STEEL PRODUCTION  
( 000,000 metric tons)



# WORLD CRUDE STEEL PRODUCTION

( 000 000 metric tons )



Maximum possible production	Variation 1957-58
Basic Bessemer steel	+3 7
Open-hearth steel	+6 2
Electric-furnace steel	+8 7
Acid Bessemer steel	-2 3
<i>L/D, Rotor and other steels</i>	coefficient 4 8
Total, crude steel	+6 1
Actual production <sup>1)</sup>	Variation 1957-58 (9 months)
Basic Bessemer steel	-1 7
Open-hearth steel	-2 5
Electric-furnace steel	+0 0
Acid Bessemer steel	-12 3
<i>L/D, Rotor and other steels</i>	coefficient 15 5
Total, crude steel	-3 1

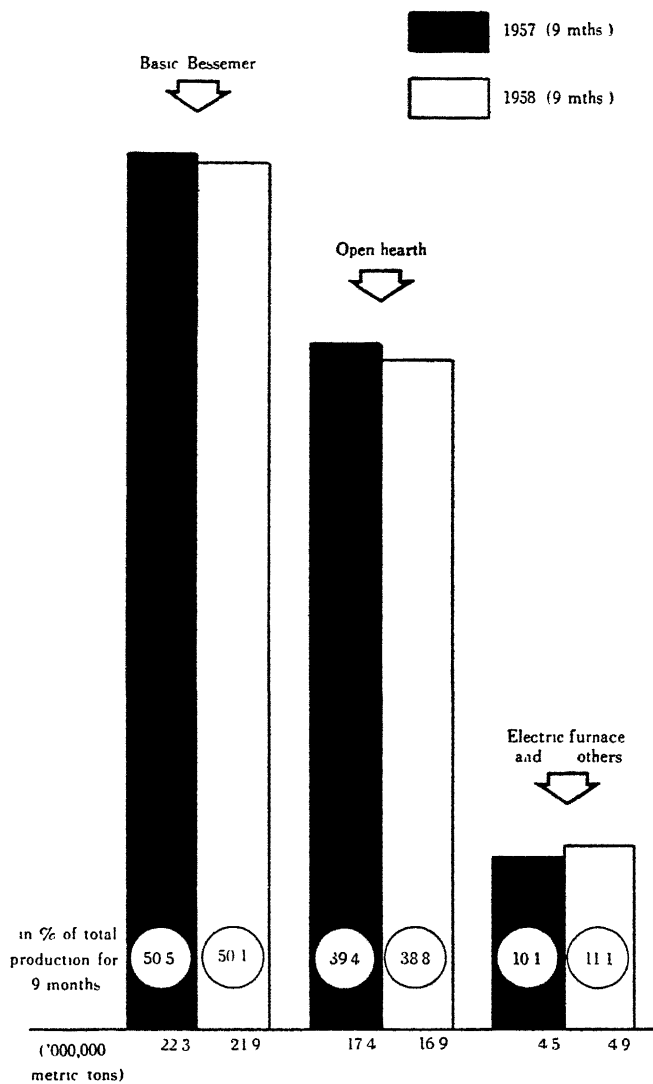
<sup>1)</sup> See *Statistical Annex*, Table 26

78 Production of *high-carbon and special steels* totalled 3 4 million metric tons for the first nine months of 1958, an increase of 0 6% over the corresponding period of 1957. The increase in fact took place in France and, in particular, in Italy, the latter's production expanding by 8 9%. Benelux production, on the other hand — though this admittedly represents only 4 0% of the Community total — fell off considerably <sup>1)</sup>

79. For the first ten months of 1958, *production of finished rolled products* shows a decrease of 1 9% in relation to the first ten months of 1957. French production rose by 6% (497,000

<sup>1)</sup> For further details, see *Statistical Annex*, Table 25

# STEEL PRODUCTION BY PRODUCTION PROCESSES



metric tons) and Netherlands production by 11.7% (87,000 metric tons). German, Belgian, Luxembourg and Italian production went down by between 4 and 10% <sup>1)</sup>

The development of production by types of product is shown in the table following <sup>2)</sup>

Product	1st ten months, 1957	1st ten months, 1958	Variation (%)
	('000 metric tons)		
Permanent-way material	1 351	1 396	+3.3
Heavy sections	3 224	2 789	—13.5
Light sections	10 244	9 444	—7.8
Wire-rod	3 222	3 327	+3.3
Tube semis	1 264	1 154	—8.7
Hoop and strip	2 611	2 664	+2.0
Plate 3 mm and over	6 180	6 045	—2.2
Sheet under 3 mm	5 707	6 375	+11.7
Coils (finished products)	194	152	—21.6
Total	33 997	33 346	—1.9

Overall, there was a decrease in the production of sections and an increase in that of flat products, and particularly of sheet. The structural trend towards a gradual increase in the proportion of flat products would thus appear to continue even at times when the market is weaker than usual.

80 *Trade in steel products between Community countries* during the first half of 1958 was some 11% higher than during the same period in 1957.

All the Community countries except France and the Saar increased their deliveries to the others, but only France and Germany increased their purchases from within the Community on any scale to speak of.

The proportion of orders placed by consumers in one Community country with producers in another appreciably increased during the second half of 1958, reaching 16.1% in the third quarter and 17% in the fourth.

<sup>1)</sup> For further details, see *Statistical Annex*, Table 27.

<sup>2)</sup> For further details, see *Statistical Annex*, Table 28.

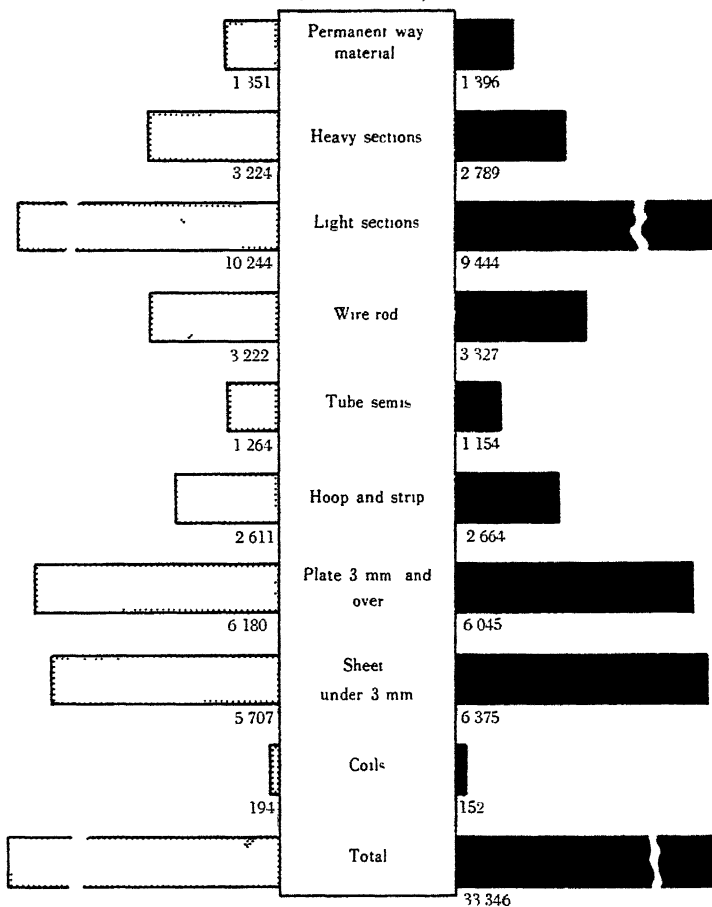
# PRODUCTION OF FINISHED ROLLED PRODUCTS

(000 metric tons)

1957

1958

(First 10 months)



### Interpenetration of Orders within the Common Market

(orders placed in member countries other than the purchaser's own,  
in per cent of total orders from within the Community)

1954	1955	1956	1957	1958
16.3	15.7	14.5	15.6	15.4

This trend in deliveries and orders within the Common Market would seem to indicate that we have here a further instance of trade actually picking up during a recession, as happened before in 1954.

The degree of interpenetration of orders and the level of trade do not, however, by themselves accurately reflect the extent of market interpenetration. In a buyer's market most of the actual or potential quotations made between one country and another do not in fact alter the direction of the currents of trade—they merely act as an incentive to the regular suppliers to align their prices in order to keep their customers.

Country	1st six months, 1957 ( <sup>1</sup> 000 metric tons)	1st six months, 1958 ( <sup>1</sup> 000 metric tons)	Variation (%)
<i>Deliveries to other Community countries by <sup>1)</sup></i>			
Germany (Fed. Rep.)	491	569	+15.9
Belgium/Luxembourg	1 031	1 163	+12.8
France/Saar	664	610	-8.1
Italy	29	58	+100.0
Netherlands	124	186	+50.0
Community	2 339	2 586	+10.6
<i>Purchases from other Community countries by <sup>1)</sup></i>			
Germany (Fed. Rep.)	844	1 046	+23.9
Belgium/Luxembourg	136	106	-22.1
France/Saar	441	722	+63.7
Italy	197	188	-4.6
Netherlands	721	524	-27.32
Community	2 339	2 586	+10.6

<sup>1)</sup> Customs figures—purchases calculated from export statistics

Trade currents moved as follows between the first half of 1957 and the first half of 1958

- to Germany the increase in deliveries was principally in those from the Benelux countries, which rose from 365,000 to 368,000 metric tons, thus representing more than one-half of total purchases by Germany,
- to France larger tonnages were delivered from Germany and Italy, but the main increase was in deliveries from the Belgian-Luxembourg Union, which rose from 293,000 to 492,000 metric tons,
- to Italy deliveries of semi-finished products fell from 44,000 to 30,000 metric tons, while deliveries of finished products and end products rose from 133,000 to 156,000 (all the other Community countries contributing to this increase),
- to Belgium deliveries decreased slightly,
- to the Netherlands Belgian-Luxembourg deliveries went down from 443,000 to 232,000 metric tons, while German deliveries went up from 253,000 to 272,000

81. *The Community's external trade in steel products* showed a 10% increase in imports — the actual tonnages involved being, however, inconsiderable — and a 6% increase in exports, bringing these to a record level. Community steel exports have now risen year by year without a break for five years

Country	Imports <sup>1)</sup> 1st quarter		Exports <sup>2)</sup> Year		('000 metric tons) Net exports Year	
	1957	1958	1957	1958	1957	1958
Ingots and semis	138	138	865	—	561	—
Finished products	80	352	7 452	—	6 821	—
End products	88	68	703	—	558	—
Total	506	558	9 020	9 500	7 940	8 400 <sup>2)</sup>

<sup>1)</sup> See *Statistical Annex*, Tables 29-32. Only in the case of exports are sufficient data (based on deliveries) at present available to produce a reliable estimate.

<sup>2)</sup> Calculated by estimating the imports for the year from the figures for the first six months.

*Net exports* for 1958 were 500,000 metric tons higher than for 1957: they amounted to 11 million ingot tons, which is 10% above the "upper limit" of requirements adopted for the purposes of the General Objectives, *viz.* 10 million ingot tons <sup>1)</sup>

<sup>1)</sup> See *Fifth General Report of the High Authority*, April 1957, Chapter XII, or *Journal Officiel de la Communauté*, May 20, 1957.



There was a decrease in imports of end products, particularly tinplate, and an increase in those of finished products, mainly of plate

There has been a definite tendency since the beginning of 1957 towards larger exports of flat products, and more especially of sheet, and relatively smaller exports of merchant bars and sections

Exports to European countries other than the United Kingdom declined, exports to non-European countries remained fairly steady. A new feature was the shipment of large tonnages to China: the figure for the first nine months of 1958 was 459,000 metric tons, as against 37,000 metric tons for the whole of 1957.

82 *The development of average schedule prices* over the past six years is shown below. The "basic steel" produced in the United Kingdom and United States may be regarded as falling midway between the basic Bessemer (Thomas) and open-hearth qualities produced in the Community.

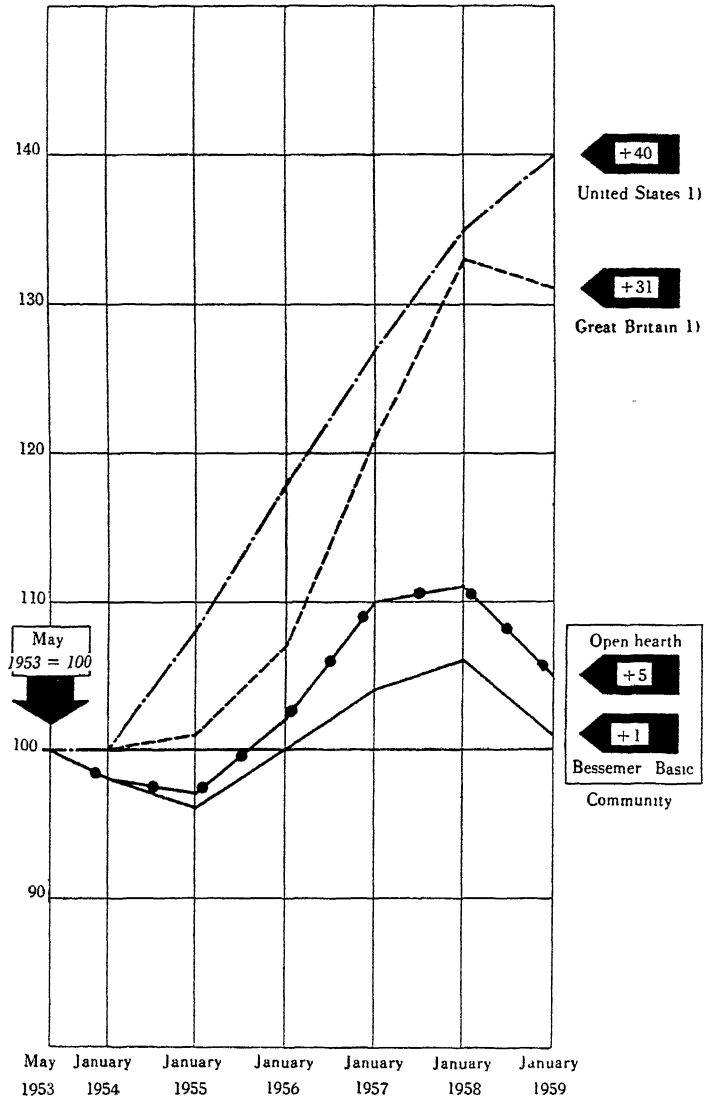
### Development of Schedule Prices for Finished Steel Products <sup>1)</sup>

(1953 = 100 for the Community as a whole, the U.K. and the U.S.A.)

Country	May 20, 1953	Jan 1, 1954	Apr 1, 1954	Jan 1, 1955	Jan 1, 1956	Jan 1, 1957	July 1, 1957	Jan 1, 1958	Dec 24, 1958	Jan 30, 1959
<i>Basic Bessemer</i>										
Germany (Fed Rep.)	101	96	96	97	99	104	104	109	110	110
Belgium	100	100	95	96	109	111	117	117	103	103
France	99	99	96	96	96	101	104	97	97	92
Luxembourg	99	99	96	96	102	108	113	114	111	111
Netherlands	100	100	95	102	110	114	119	119	105	105
Community	100	98	96	96	100	104	106	106	103	101
<i>Basic steel</i>										
U.K.	100	100	100	101	107	121	121	133	131	131
U.S.A.	100	100	100	108	118	127	135	135	140	140
<i>Open-hearth</i>										
Community	100	98	96	97	102	110	111	111	106	105
Germany (Fed Rep.)	93	89	89	90	94	101	101	106	106	106
Belgium	103	103	95	95	109	112	120	120	102	102
France	96	96	94	94	102	107	110	101	101	92
Italy	116	116	114	113	117	130	130	125	112	112
Netherlands	94	94	89	95	102	110	112	110	103	103

<sup>1)</sup> Taken from the most representative schedules in the market

# TREND IN INTERNAL PRICES FOR MERCHANT BARS



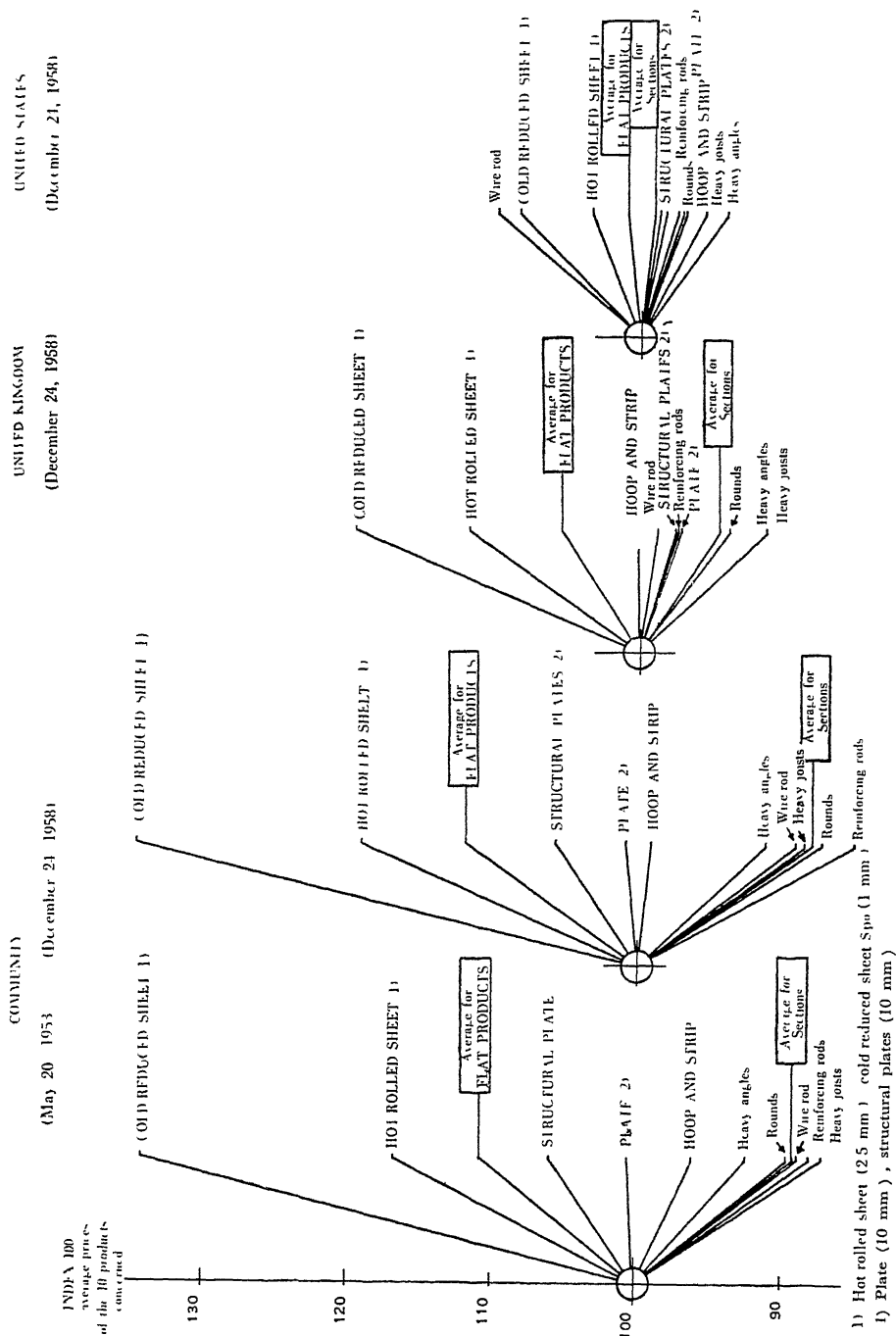
83. *The Community price spread* has not narrowed for six years, and during the period under review remained much wider than its British, and still more its American, counterpart <sup>1)</sup>. In absolute terms the prices of Community flat products come between the British and the American prices. Relatively, *i.e.* if we compare the price relations of the different products, they are a good deal higher in the Community flat products are on the average much more expensive than sections, whereas in the United Kingdom they are only slightly more expensive and in the United States not so at all. This is due to a number of factors, of which the most outstanding would appear to be the following

- a) Modern continuous-rolling methods were introduced in the Community only fairly recently, whereas the first wide-strip mill was brought into operation in the United States in 1924 and in the United Kingdom in 1938
- b) Wide-strip mills are extremely costly items which have been written off to a greater degree in the countries which have been using them longer
- c) This type of equipment of very large unit capacity cannot be fully and rationally utilized for some time after its installation, since steel production and the capacity of the ancillary plant need to be gradually adjusted to the capacity of the mills themselves, a process which is still going on in the Community
- d) It also takes some time before production by the new processes takes the place of that by the old in the case of sheet, for instance, the proportion produced on wide-strip mills in 1957 was 100% in the United States and 82% in the United Kingdom, as against only 66% in the Community (57% in 1954).
- e) Again, a certain period must elapse before the pattern of demand is completely altered by the existence of the new production processes, and by the development of various technical and economic factors in regard to consumption. In 1957, flat products represented approximately two-thirds of the total production of rolled steel in the United States as against one-half in the United Kingdom and 40% in the Community (33% in 1952) as the pattern of demand alters, orders become larger, making possible more economic utilization of the mills.
- f) Moreover, in the United States the very large number of strip mills in operation enables them to some extent to specialize in the rolling of particular types of product, which increases their output very considerably.

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<sup>1)</sup> See diagram on p 116

### Price trends of 10 representative products in relation to average prices



In proportion as the pattern of demand and production in the Community comes to resemble that in the United Kingdom, and, at a still more advanced stage, the United States, the pattern of steel prices will in all probability tend to do the same. The Common Market is a factor likely to speed up this development.

This relative diminution in the price of flat products is not, however, necessarily a continuous process. Competition among the different suppliers of flat products is keener or less keen according to the state of the market: for example, sheet has remained very much in demand, and indeed in short supply, for some years past, which naturally delays the ultimate scrapping of obsolete high-cost plant and a relative fall in prices.

84 *Export prices for shipments to third countries* rose from 1954 until the middle of 1957, frequently exceeding the Brussels Convention prices, on which the index for the table below is based.<sup>1)</sup> From mid-1957 onwards the trend was reversed, but the Brussels Convention prices were not reduced in practice until February and April 1958. Since then they have not been observed for most products: at the beginning of 1959 the index of the prices stated to be most commonly charged in the market stood at between 85 and 90 to 100 in relation to the Brussels Convention figures. Much the same development occurred in 1953-54.

The following table shows that the export prices of the Community increased less than those of the United Kingdom and United States. Since the onset of the recession, British export prices have been reduced, in the United States, on the other hand, export as well as home prices have continued to rise.

### Development of Export Prices

(Brussels Convention prices, published U.K. and U.S. prices)

Country	May 30, 1953	Apr 1, 1954	Jan 5, 1956	Jan 1, 1957	Jan 1, 1958	Jan 1, 1959
Community	100	88	109	117	117	100
U.K.	100	95	106	125	127	106
U.S.A.	100	100	106	115	122	124

<sup>1)</sup> See also *Statistical Annex*, Table 37



## *CHAPTER THREE*

### **TOWARDS A CO-ORDINATED ENERGY POLICY**

#### **Section 1 — General Drift**

85        In this chapter the High Authority gives an account of the studies carried out to date, in several successive stages, on the whole range of problems connected with energy. It recalls that, by the terms of the Council of Ministers Protocol instructing it to arrange for such studies to be made, it is required to submit to the Council proposals based on the proceedings of the Joint Committee. As at the time of going to press the Committee had not yet produced a full report, the High Authority will be unable to tell the European Parliament exactly what attitude it plans to adopt on this question. It would also recall that according to the text of the Protocol itself, as soon as new Communities are formed, their representatives are to participate in the work of the Joint Committee, this clause came into force as early as the beginning of 1958. Energy problems are discussed regularly at inter-executive meetings and when the High Authority does ultimately submit proposals to the Council on the general principles for a co-ordinated energy policy and practical measures to deal with the most urgent problems likely to arise in the next few years, it will do so jointly with the European Economic Commission and the Euratom Commission.

It believes that it will meet with the wishes of the Assembly and remain within the limits laid down by the procedure fixed by the Protocol if it outlines the policy which will guide it in tackling the task it has been entrusted with.

86 Energy policy must of necessity be based on certain forecasts. The problem is, what requirements are likely to be, what resources the Community has at its disposal, how price relations between the different sources of energy, and between home production and imports may change in the future. Such forecasts must not be rigid, unless they are to deny the very meaning of whatever policy may be pursued. The most serious error which can be made is to extrapolate the consumption trend for any given form of energy without making full allowance for the incidence of price variations. Thus we must base ourselves on a clear distinction between the sources of energy which are so economical within the Community that they will be used whatever happens and those whose contribution will depend on their competitive position. Natural gas, brown coal and blast-furnace gas are typical examples of the first group; there is, however, a margin of choice as far as hydro-electricity or coal for general uses is concerned. It is similarly necessary to subdivide energy requirements. Some call for specific types of energy (for instance petroleum products for certain kinds of transport, coke for the manufacture of pig-iron, electricity for lighting), while others, particularly in the case of heating, and also in that of electricity generation, may be covered by the most diverse sources of primary energy. Thus the distinction between chemical energy, mechanical energy and thermal energy is an essential one, and in the final analysis forecasts are most accurately arrived at not so much by adding all the forms of energy together or expressing them in terms of primary-energy requirements reduced to a common unit measure, but by taking the final energy used in its different forms in the various sectors of economic activity.

87 In the present phase the aim is to sketch the first outlines of a policy, *i.e.* certain principles of selection and fundamental concepts from which to work out changes in practices followed at present and measures to be applied immediately. There is no question as yet of laying down



general objectives providing guidance for those concerned as to the development of energy resources or the technical methods which appear to be best calculated to cover requirements in an economic manner it will only be possible to attempt this at a later stage, on the basis of more accurate estimates concerning the fundamental elements of costs and the trend in these in respect of the different forms of energy. The general principles for a policy are moreover the first condition for such work, particularly as the work makes sense only once certain provisos have been stated, such as the extent to which the Community intends to cover its energy requirements from its own resources. Any energy policy is indissociably bound up with the problem of price policy and a clear conception of the relations between the Community and the rest of the world.

In the opinion of the High Authority, the present time is suitable for proceeding further with the ideas in this connection. Two attempts have so far been made at fixing a policy. The report of the Hartley Committee to O.E.E.C. was based mainly on the fear of an increasing energy deficit and the dependence on imports, and its great theme was therefore that ways and means must be found to develop European coal production. The so-called Report of the Three Wise Men, laying down a target for Euratom, based the development of nuclear energy on the hypothesis of a levelling-off in energy imports resulting particularly from the unreliability of oil supplies coming mostly from the Middle East. Since the Hartley Report, the prospects for the development of nuclear energy have improved quite considerably, since the Three Wise Men's Report many new gas and petroleum reserves have been discovered in Europe and in other parts of the world, and the geographical distribution of the sources changed considerably. Thus in particular, the Sahara seems destined to make a very large contribution to the coverage of energy requirements in oil as well as in gas. But most of all it would seem that the time has come to consider energy policy as an integral part of an economic

policy in which the level and movement of prices and the scale and cost of investments must be considered first and foremost. The object of any choice between the fundamental alternatives open, and of the whole corpus of economic and technical studies, is to answer a problem which may be defined as the comparison of investment capacity with import capacity.

Such a problem does not have necessarily to be solved once and for all. The number of changes experienced in the energy situation during the last few years dictate that, to begin with, the attempt should be confined to generalities and to certain steps needed only over a small number of years. From 1965 onwards the situation may well become very different under the influence of the development of nuclear energy and, at the same time, of the utilization of natural gas from the Sahara.

88 The unknown factors which affect forecasting and evaluations are truly daunting. What will be the trends in production costs for Community-mined and imported coal, what will be the comparative production costs for nuclear energy, which depend both on investment costs and on conditions of utilization, how will the cost of crude oil and the price ratios between the refined products change, what new processes may be developed in connection with the modes of utilization of nuclear energy and the modes of transport of natural gas? Uncertainty, however, does not exclude, but on the contrary reinforces, the need for coherent ideas in the field of prices, so that as far as possible all developments which might normally go one way or the other are in fact channelled towards providing as much energy as possible under the most economic conditions.

The greater the diversification of sources of energy and the more the growing proportion of transformed energy stimulates competition between the primary sources of energy, the more essential it becomes that a general common trend

should dominate pricing in the different branches of energy. It is a fact that in the different countries of the Community, and according to the different forms of energy, the most widely-varying practices are followed: uncontrolled or controlled prices, rules of competition or complete freedom in commercial practices, determination of prices in accordance with certain production costs or with political considerations, distortions by the subsidization of production or imports, or in some cases by disparities in taxation as between sources of energy or forms in which the energy is supplied. It is necessary to work out a principle so as to bring some order into this chaotic situation, and in particular to guide investment activity spontaneously: the prices themselves should reflect the most correct choice between capital schemes to increase energy production, to develop its transformation or its transport, and to achieve economies in its utilization. Prices distorted by political considerations, by subsidies or by arbitrarily-differentiated taxation do not meet this condition. Nor, the High Authority is convinced, is the condition fulfilled by trying to determine the prices on the basis of average costs: this is not the way to bring about the conditions for the most economic development, or for the most economic utilization. The average cost may be too low at certain periods when large-scale development is necessary, it may later be too high in so far as other sources of energy may be resorted to; it shows at any given time the position as it is, and not as a basis of what it should be.

89. It goes without saying, however, that for a flow of supplies on which the entire economy hinges, dependability is an essential consideration. The only problem is whether dependability is a characteristic of internal production. It is a fact that Europe's main source of energy is coal, but it is also a fact that the proportion of requirements which coal production will be able to cover is in any case bound to fall steeply, it is not possible to assume that by 1975 coal produced within the Community will cover even half of total energy requirements. The geographical diversification of supplies

will help to ensure dependability on a broader basis. It cannot be assumed *a priori* that the Community would not be in a position to pay for increased energy imports : a substantial proportion of essential imports, particularly of foodstuffs and raw materials for textiles, increase at a slower rate than the national product and leave a margin, provided the necessary policy is pursued to keep production competitive in world markets and to contribute to the liberalization of trade. In the choices which will have to be made between importation of and investment in energy it is absolutely essential to bear in mind that in a field affected by political tension, power balances and monopoly situations it is not possible to rely entirely on the sources which are cheapest by virtue of their cost of production. Leaving open alternative possibilities, and resorting either to sources of productions controlled directly by the Community inside or outside its frontiers, or to a number of outside suppliers, may in the end prove to be an effective means of obtaining supplies at lower prices.

90. Oil undoubtedly raises a number of very difficult problems. The conditions governing price formation for crude oil are absolutely different from the conditions governing the formation of coal prices. In the case of oil, investment costs represent the biggest cost element, the level of prices is influenced by the policies followed in the world at large and in the United States in particular, and the additional supplies do not depend on a marginal production, but rather on the very cheapest sources, those of the Middle East. There is considerable flexibility in the price relations between the different refined products, and it is open to question whether the relativities will remain the same in Europe and in America, in spite of the very large differences in the share of the different products in total consumption, and hence in the pattern of refining operations. The question arising from the fact that coal is subject to price regulations which do not apply to oil cannot be ignored, although it may be questioned whether the coal producers themselves do not apply the rules of the Treaty, in some cases, more strictly than the Treaty provisions

and the High Authority's decisions require. There could be no question, however, of depriving the European economy of the improvements in productivity made possible in a large number of sectors by the use of petroleum products. Policy in this field would therefore appear to have to satisfy three conditions simultaneously: *a*) not to impede the development of the use of petroleum products or interfere with the possibilities of technical progress which it offers in the economies generally, *b*) to avoid unduly sudden fluctuations in this development, and above all *c*) to avoid extending the market by means of purely temporary price cuts which would be followed by substantial increases at a later stage.

91 These considerations coincide, fundamentally, with the principles laid down in the Treaty establishing the European Coal and Steel Community. It is in the context of this general energy market that we have to rethink the whole of coal-price policy as such. That policy has a double aspect — price level and price fluctuation. It is in this field that the discontinuance of price determination on the basis of the average costs of the different producer areas has important and immediate consequences. Price limits have to be considered on a different basis, whereby imports are compared with production and the advantages of fuel oil with those of coal. So far as the operation of the coal market is concerned, it is clearly essential to establish a definite relation between import prices, whose fluctuations, caused by ups and downs in freight-rates, reach intolerable levels, and home prices, which by contrast remain unjustifiably rigid. The problem on which the unity of the market depends is to reduce fluctuations in transport costs, which determine the level of the prices of imported coal, sufficiently to enable them to be linked to limited flexibility in the prices of the coal produced within the Community.

The fundamental concern of the High Authority is to ensure the greatest possible freedom for the energy market by introducing the minimum of corrective devices required

for the maintenance of this freedom. The sudden fluctuations which recently occurred, the sudden switches from complete freedom to large-scale intervention, justify sufficiently clearly an effort aimed at introducing greater continuity in the policy applicable to a field which is above all others a field requiring a long-term policy.

## Section 2 — Progress Report

92 In 1953 the Council of Ministers, in a statement issued on October 13, emphasized the interdependence between the general policy of expansion and the policy pursued in the coalmining and iron and steel industries <sup>1)</sup> As a result it was agreed that the six Governments of the member countries should, in co-operation with the High Authority, examine their general expansion and investment policies in order to co-ordinate this general development with the activities of the High Authority

A Joint Committee, consisting of representatives of the Governments and of the High Authority, with the Director of the High Authority's Economic Affairs Division as chairman, was set up to institute a permanent system of examination and co-operation This Joint Committee embarked in 1955 upon studies covering, in particular, <sup>2)</sup>

- a) the prospects and conditions for economic expansion,
- b) the prospects and conditions for the development of consumption of the different forms of energy,
- c) the problem of distortions in competition between the different sources of energy.

The studies on these questions carried out by sub-committees of the Joint Committee during 1955 and 1956 <sup>3)</sup>

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<sup>1)</sup> See *Second General Report of the High Authority*, April 1954 (No 108)

<sup>2)</sup> See *Fourth General Report of the High Authority*, April 1957 (Nos 203 ff)

<sup>3)</sup> See *Fifth General Report of the High Authority*, April 1957 (Nos 326 ff)

resulted in the publication, in 1957, of a *Study on the Structure and Trends of the Energy Economy in the Community Countries*.

During these lengthy and detailed studies, the different member States had the opportunity to compare the basic data concerning their economic situation, to compare their forecasts, to improve on them, and to undertake a first attempt at harmonization. In the course of this joint work, some of them adopted an entirely new approach and new methods in their economic studies which were highly beneficial both to them and to the Community as a whole.

As a result of the Committee's activities, a Protocol on ways and means of ensuring a co-ordinated energy policy was concluded between the Council of Ministers and the High Authority, as proposed in the Report of the Heads of Delegations to the Inter-governmental Committee set up by the Messina Conference, at the Council's 45th Session on October 8, 1957<sup>1)</sup>. This Protocol lays down that

“ the action required to help ensure that Europe is kept properly supplied with energy must aim in particular at

- a) drawing up long-term forecasts of resources and requirements,
- b) establishing how investment in the energy sector can be most economically effected and the best use got out of the plant installed;
- c) co-ordinating the energy policy (including trade with third countries) and the general economic policy of each country ”

93 To carry out these instructions, the High Authority and the Council agreed on a number of decisions, the most important of which are outlined below.

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<sup>1)</sup> See *Journal Officiel de la Communauté*, December 7, 1957

The High Authority was to conduct the studies in consultation with the Joint Committee set up in accordance with the Council of Ministers' resolution of October 13, 1953, and working under the chairmanship of the High Authority representative

The High Authority was to endeavour, in co-operation with the E E C and Euratom Commissions, to work out how the three bodies might most effectively join in examining matters of concern to them all

The Joint Committee was to submit periodic reports, accompanied by proposals concerning the short, medium and long-term energy balance required and the best means of achieving it.

On the basis of the Joint Committee's reports, the High Authority was to submit to the Council of Ministers general indications in regard to energy policy, suggestions as to how such a policy might be put into practice, and a list of specific measures it considered desirable. These items were to be discussed between the High Authority and the Council with a view to arriving at a common policy for the Community and the six countries.

The Protocol of October 8, 1957, provided right from the start for full participation by the E E C and Euratom Commissions in all proceedings and studies undertaken in connection with it. Since the creation of these two new institutions on January 1, 1958, representatives of these organizations have been nominated as members of the Joint Committee. In addition, an inter-Executive Committee for energy questions has been set up, consisting of one Member of the High Authority, one Member of the Commission of the European Economic Community and one Member of the Commission of the European Atomic Energy Community. The Committee, which meets every month, is specially responsible for preparing and bringing about agreement of opinion among the three Executives on proposals relating to energy policy and clarifying ideas concerning possible action within the particular conditions imposed by the three Treaties on the Institutions. The study programmes on which the Joint Committee's report is to be based are carried out by working parties. They provide in particular for

- a) forecasts and indications of the general expansion of the economies,
- b) energy balance-sheets for the current and previous years,
- c) short and long-term forecasts of energy requirements and supply,
- d) facts and figures on the investment necessary in energy production



The High Authority has been called upon to operate in two ways: it has had on the one hand to carry on with and improve the work undertaken by the sub-committees of the Joint Committee under the new conditions created by the conclusion of the Protocol, and on the other to establish new or extend existing relations with other international organizations and non-Governmental experts in a position to provide the High Authority with additional information needed to enable it to carry out its political task.

At the same time, studies on technical problems, including in particular those relating to the transformation and utilization of the different forms of energy, and to their interchangeability, are progressing, thanks to the relations which the High Authority maintains with the Organization for European Economic Co-operation, the Economic Commission for Europe and the Coal Committee of the Council of Association with the United Kingdom, as well as with associations in industry such as the International Union of Producers and Distributors of Electrical Energy (UNIPED<sub>E</sub>), the International Federation of Electricity Producer-Consumers (FIPACE<sub>E</sub>), the Economic Study Committee of the Gas Industry (COMETEC) and the International Union of Railways, and with the research departments of the big oil companies.

Other investigations, particularly on substitution factors in respect of energy products, have been undertaken at the request of the High Authority by University research departments.

94 *Prospects and conditions for economic expansion.* — The studies on general expansion constitute the necessary basis for energy forecasts. They have been resumed by the same committee as two years ago laid down a number of general principles regarding the methods to be employed and the other problems which arise in this connection.

Several improvements have been made, more particularly as to the comparability of the basic statistical data.

As regards methods to be employed in forecasting general economic expansion, the progress achieved is not so satisfactory. These forecasts are, for most countries, based on estimates of the total working population, the overall productivity and, taking these two elements in combination, the development of the gross national product of each country. It has been possible to go into the matter in detail only in the sector-by-sector evaluation of the rates of expansion for the agricultural, industrial and tertiary sectors respectively.

The forecasts of the Committee relate only to the period 1955-65. Those relating to the second ten-year period were made by the High Authority, and are naturally less accurate than the others. They are based on the assumption that the rate of expansion during the second period will be less than that during the first. This slowing-down will

result from the fact that it will probably not be possible to maintain the very high rate of expansion of the years 1955-57, which will have a marked influence on the average rate for the first period. General economic activity in the Community may be expected to increase over the whole of the period 1955-75 at an annual rate of slightly over 3%.

These forecasts have been worked out by somewhat elementary methods, with the result that the estimates are not strictly comparable from country to country. The High Authority has accordingly asked a committee of independent experts to establish methods applicable within the different member countries according to the particular circumstances prevailing in each, but based on the same principles.

It seems reasonable to hope, therefore, that these studies will not only provide a major theoretical contribution in the controversial field of long-term forecasting methods, but also open up new possibilities for practical application in the different Community countries.

95 *Energy balance-sheets.* — As we know, energy balance-sheets provide a complete picture of the energy economy from primary sources through transformations up to consumption by the end consumer and the useful energy which he obtains from it. Such balance-sheets are necessary as a starting-point for estimates concerning future conditions, furthermore, when there are a number of them covering a fairly considerable period of years, they make it possible to determine trends of development in the past, which in turn constitute one of the elements for projection into the future.

Recent studies have been carried on in two directions: in the first place efforts were made to improve and supplement the data used to draw up the balance-sheets from 1950 to 1955,<sup>1)</sup> and when this had been done, a complete balance-sheet including the figures for 1956 was also drawn up for the Community.<sup>2)</sup>

An agreement is now in force among the member countries on the data to be used within a uniform balance-sheet framework adopted throughout the Community for drawing up these balance-sheets. Their calculation from year to year will be carried out in a fairly simple and automatic manner as and when these data become available.

In addition, it was found essential to make further improvements in the methods of drawing up energy balance-sheets, to work out a statistical system for the energy-producing countries and supplement

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<sup>1)</sup> See *Study on the Structure and Trends of the Energy Economy in the Community Countries*, p. 19. Publications Department of the European Coal and Steel Community.

<sup>2)</sup> See *Statistical Annex*, Tables No. 38 and No. 39.

existing statistics, to define more accurately than has so far been possible the conversion factors for the different types and forms of energy in terms of a single common measure. These tasks can only be carried out in collaboration with the official statistics offices of the member countries and with industrial and technical organizations.

96. *Short, medium and long-term energy forecasts*

a) *Short-term forecasts*

Short-term, *i.e.* annual, analyses of demand and supply, broken down by consumer sectors and types and forms of energy, have a two-fold objective: they make it possible on the one hand to follow step by step the fulfilment or otherwise of long-term forecasts and to correct these where this seems justified and necessary, but in addition they may constitute a valuable instrument in energy policy. It is true that the statistical data available at short notice for an annual analysis of energy requirements, and of ways and means of meeting them, are still inadequate. But as and when these shortcomings are disposed of, as a result of active co-operation by the Governments, these analyses may be expected to be more reliable. They would then acquire greater significance for the guidance of short-term Government measures.

b) *Medium and long-term forecasts of requirements*

Whilst formerly the overall method was the basis of all estimates, on this occasion it has been used only as a check, to help determine the probability factor of the total obtained by the sector-by-sector analysis.

A particular advantage of the sector-by-sector analysis and forecasting is that it makes it possible to use coefficients of elasticity particular to each sector, and thus avoids the error inherent in the calculation of an overall relation between the consumption of energy and another quantity such as the national product.

The main characteristic of the present work, which is also its advantage, is that projection into the future, both sector-by-sector and overall, are based on consumption by the end consumer, consumption of primary energy is then determined by taking into account the losses and transformation efficiency coefficient.

The present method therefore represents an appreciable improvement over that used previously: it is based on requirements actually stated by the end consumers and the results it provides increase our knowledge of the workings of the energy economy, thanks to the more detailed sector-by-sector studies, and also to the breakdown of consumption according to the various types and forms of energy used. It has already been possible to estimate future electricity requirements with

greater accuracy as a result of discussions with representatives of the International Union of Producers and Distributors of Electrical Energy (UNIPEDE)

In connection with other studies, it will be necessary to ascertain the influence on demand of the level of energy prices and the interrelation of the prices of the different types and forms of energy. Although it must be granted that variations in the overall demand for energy are not greatly affected by price variations, it should nevertheless be borne in mind that changes in price relations between the different types and forms of energy have a fairly strong influence, even over a comparatively short period of two to three years, on the relative quantities of these energy products (elasticity of substitution). The results obtained in this field by institutes of economics have no doubt still to be verified and cannot therefore justifiably be indiscriminately applied to the highly competitive markets of all the member countries until observations have been carried out over longer periods.

*c) Production and investment forecasts in the field of energy*

So far as the actual production of primary and secondary energy is concerned, the resources which will automatically be exploited to the very limit of possible production deserve special attention. These are, primarily, natural gas and brown coal, as their production costs are so low that they can withstand competition from any other type or form of energy. Forecasts of the future production of these two sources of energy may be considered fairly reliable.

A second group of energy sources is characterized by the following facts: either they are produced more or less automatically, or they have to be used on the spot, or, again, they form part of a development scheme not exclusively focused on energy production. This category includes water power, blast-furnace gas and to some extent also low-grade coal, production of which is on the whole rather closely bound up with that of saleable coal. The expansion of products in these sectors is determined either by their cost and the financial possibilities of their development or by other factors such as the production of pig-iron or saleable coal.

Finally there are hard coal and crude oil, whose development potential depends on certain economic considerations, such as the cost of installing the production plant, the prospects for its profitable operation, the availability of funds for the necessary capital schemes, and so on, and at the same time in the general drift of the energy policy of the member countries.

The production costs in connection with European sources of energy being what they are, the development of the different branches

of production will vary according as the tariff and import policy adopted is one of complete freedom or of protective measures and special taxes on imported energy products. The possibilities for increasing coal production are further limited by the nature of the deposits only in the Ruhr, and to a smaller degree in Lorraine, the Aachen coalfield and the Campine are there still workable reserves. Finally, it is difficult to estimate what changes may be introduced in the working week in the coalmining industry, and how far any further reduction is likely to be offset by organizational measures or increased productivity.

In face of all these uncertain factors, which are inherent in any forecasting of coal production, the Committee confined itself initially to collecting figures on the technically feasible volume of production. It is, nevertheless, aware that the proportion of production which can be marketed economically will remain below these figures, unless an import, tariff and taxation policy is pursued which is aimed exclusively at safeguarding the European coalmining industry come what may.

With regard to investment outside the coalmining sector, the departments of the High Authority are in contact with various industrial associations and international bodies with a view to obtaining data on specific investment costs per production unit.

Atomic energy is in a category of its own: the figures for future production and the forecasts of capital expenditure and production costs are drawn up by the European Atomic Energy Commission. So far as production forecasts are concerned, the programmes existing at the present time aim at an installed capacity of approximately 3 500 MW by 1965. It goes without saying that the activities of the Commission of the European Atomic Energy Community will not be confined to helping to carry through the projects in hand, the agreement with the United States and the one about to be concluded with the United Kingdom are two concrete elements on which the Commission is counting to bring about a rapid development of the nuclear industry well beyond the projects at present known.

97 Two sub-committees of the Joint Committee engaged on the study of certain conditions of competition between the different energy products, the one on "Methods of Determination and Structure of Energy Prices" and the other on "Tax and Tariff Regulations in Respect of Different Energy Products", had submitted technical reports to the Joint Committee before the Protocol on the co-ordination of energy policy was signed. Since then the data and calculations relating to taxation have been brought up to date.

It is not possible to determine immediately from these technical reports what discriminations exist as between one energy product and

another, a few essential features of the positions in these fields are given below

98. *Methods of determination and structure of energy prices* — The work of pinpointing existing differences can best be carried out from two angles

- a) it is of value to ascertain exactly how the principles adopted regarding pricing methods and price structure differ from one product to another,
- b) it is necessary to know the conditions prevailing for different buyers of the same product.

The prices of coal products are freely fixed by the producers, except that the price schedules must be lodged in advance with the High Authority, and that the trade margins are fairly comprehensively checked and at times actually fixed. The prices for the electricity and gas sold to the average consumer are practically everywhere controlled to some extent by the authorities, but there is one sector which is entirely free, that of sales to certain very big consumers with whom the prices are fixed by negotiated contracts. These contracts often provide that the price payable may vary in accordance with the price of certain of the raw materials used in the production of the form of energy concerned.

On the whole freedom to fix prices obtains in the oil industry: this is so because even where a definite price basis is laid down for checking purposes, the main price elements, *ie f o b* price and transport charges, are not under the control of the Government, which is indeed not even in a position to determine the elements of the basic price of petroleum and petroleum products.

Where there is competition, it would appear that on the whole the producers of the different products try to base their selling prices on their average costs. An exception to this principle has, however, just been introduced by the Electricité de France, which has wherever possible calculated its rates on the basis of long-term marginal costs or development costs. It does seem that, at least as far as industries in process of development are concerned, this system <sup>1)</sup> may, under the best possible conditions,

- ensure financial equilibrium of the energy-producing and energy-distributing enterprises, and
- prevent misuses of energy products

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<sup>1)</sup> Report by D. Pagès to the First International Congress of Public Electricity Undertakings, Liège, June 1958.

The Treaty establishing the European Coal and Steel Community compels producers to allow all consumers equal prices and conditions of sale in respect of comparable transactions. The publication of schedules of prices and conditions of sale makes it possible to ensure that this is in fact done, High Authority checks being carried out at intervals on the producers' compliance with this requirement.

Schedules are also published for sales of electricity and of gas from all sources to large numbers of consumers who, as a result, have the assurance that they enjoy comparable terms in respect of comparable transactions, without discrimination of any kind.

There is nothing to prevent discrimination in the case of contracts negotiated with big consumers, as there is no obligation in such cases to conclude similar contracts in respect of comparable transactions.

99 *Tax and tariff regulations in respect of different energy products* — The outstanding facts emerging from a study of rates of taxation and the manner in which these are applied were as follows:

In Germany, coal was formerly subject to turnover tax at the normal rate, whilst fuel oils from German refineries were exempt. This anomaly has recently been corrected.

In Italy, fuel oils are much more heavily taxed than coal, also, electric current for domestic lighting is taxed at a considerably higher rate than electricity for other uses.

In France, different fiscal systems used to be employed for different products: coal is taxed on added value, fuel oil was dutiable when imported, and carried excise and certain special taxes, manufactured gas and electricity were not taxable on sale at all. The standardization of taxation of the various forms of energy is in progress.

100 *Competition in the international markets* — It is important, in these circumstances, to follow the development of the international energy economy, in which competitive relations between the energy products at international level call for particular attention. The High Authority departments concerned have for some time been engaged in large-scale investigations in this connection. For this purpose they have been able to base themselves in part on information placed voluntarily at their disposal by the big oil companies.

In these investigations the main points being studied are as follows:

- a) An assessment is needed of the prospects for crude-oil and natural-gas production in North Africa. Information on this subject has been provided by the French authorities concerned,

the Joint Committee and the three Executives of the European Communities will need to decide, at some future date, what approach should be adopted regarding this area in economic analysis and forecasting in respect of energy

- b) In the longer term, there is the question as to the effects on the structure of the energy economy of the Community if and when — it is not possible to make any definite calculations as yet — the sources of energy in the part of Black Africa linked to certain member countries are opened up
- c) In addition, the High Authority is anxious to ascertain the pricing arrangements in the international oil markets and the price structure for petroleum products
- d) Finally, it is necessary to obtain as clear a picture as possible of the situation regarding maritime freight-rates, particularly as the very marked fluctuations in these make them one of the most difficult problems in connection with the co-ordination of the energy policy of the six member countries

The High Authority will communicate the results of these investigations to the Joint Committee in due course

101 *New developments in the technical field* — On a longer-term basis it will be necessary to take into account, for the establishment of an energy policy, all *new developments* in the technical field which are likely to influence the relative share of the different energy products in total consumption. The importance of these new technical methods will depend on the sectors in which they can be introduced and the speed with which they will come into general use

The main points in this connection are

- 1) the increasingly widespread change-over to *very large boilers* which can be run equally well on any one of two or three fuels, such as coal, oil or gas, for instance. Thus new competitive situations will develop which will be affected by prices in the international markets,
- 2) the development of *nuclear energy*. In this connection it should be noted in the first place that the utilization of nuclear fission in the energy field will not by any means be restricted to the production of electricity. In view of American technical successes in the field of marine propulsion, it seems reasonable to conclude that nuclear energy may be used for transport purposes in the not too distant future. Its use for industrial and space heating also seems a possibility for the future. In addition, it is becoming more and more evident that some



applications of nuclear reactions allow of savings in energy, thus, for instance, we have radiation energy gradually taking the place of processes consuming conventional energy, or enabling certain industrial processes to be carried out with a lower consumption of energy. As regards electricity production in particular, costs are falling steeply. The capital cost per kWe of installed nuclear capacity is at present (fuel costs not included), about \$400 for natural-uranium power-stations and \$330 for enriched-uranium power-stations. The latest indications are that these figures will go down during the latter sixties, for large power-stations, to approximately \$200.

The outlook is also promising as regards improvement of fuel, and hence of efficiency. Some nuclear power-stations constructors of world repute are already encouraging their customers to allow for reserve generating capacity in the installations planned: this would make it possible to utilize the additional thermal capacity forthcoming as a result of the improvements which are bound to be made during the years following the construction of the power-station.

These factors indicate that it will soon be possible to count on a reduction in costs beyond the most optimistic forecasts of recent years.

- 3) the utilization of *gas turbines* in industry,
- 4) the uses of primary-energy resources in conjunction more particularly with
  - a) petroleum chemistry,
  - b) full gasification of coal,
- 5) possibilities for reducing iron ore by other methods than that based on coke



## CHAPTER FOUR

### IMPLEMENTATION OF THE RULES OF THE COMMON MARKET

102. As the Common Market for coal and steel has been fully operative since the end of the transition period, the main problems which the High Authority is now required to tackle are in connection with the long-term trend of requirements and production. Although its attention and activities during the period under review were chiefly concentrated on coal problems and on energy policy, it also carried on its day-to-day work of supervising the operation of the market.

The High Authority's Sixth General Report contains a full account of all it had done up to 1958 to ensure the establishment, maintenance and observance of normal conditions of competition, and of the direct action taken by it in regard to production and the market, as the Treaty required, where circumstances made this necessary.<sup>1)</sup>

In 1958, the matters with which it had to deal in connection with the implementation of the rules of competition were mainly price problems, more particularly with regard to alignment, and the usual problems in the field of cartels, concentrations and transport. Before taking action, it invariably consulted the various parties directly concerned, the Governments, and where necessary the appropriate experts, in accordance with Article 46 of the Treaty.

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol. II Nos. 41-74).

## Section 1 — Rules of Competition

103 *Extension of price schedules to include certain special steels* <sup>1)</sup> — The studies carried out prior to the introduction of the Common Market for special steels on August 1, 1954, had shown that initially it would be wise to make the publication of price schedules compulsory only in respect of certain steels listed in Annex III to the Treaty. By a decision taken on the matter, the Community enterprises were required to publish price schedules and conditions of sale for certain “quality” steels — to use the terminology of the industry — and for the following steels · <sup>2)</sup>

- non-alloy structural steels containing 0.6% and over of carbon;
- alloy structural steels of the type referred to in subsection (a) of Annex III to the Treaty, as defined by the consumer's own specification,
- alloy structural steels conforming to certain standards (Article 3 of the decision)

The 1957 figures indicate that high-carbon structural steels account for 41.5% of the total tonnage and 19.0% of the total value of the special steels requiring to be scheduled, and alloy structural steels for 31.9% and 31% respectively. They further show that 73% of the tonnages of special steels produced in 1957 were sold on a schedule basis, although the value of these represented only 50% of the total.

The question then arose whether the publication rule should be extended to cover the hitherto non-schedulable portion of production, or whether comparability was

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol. II, No. 47)

<sup>2)</sup> Decision No. 37/54, of July 29, 1954 (*Journal Officiel de la Communauté*, August 1, 1954)

so difficult to establish that no useful purpose would be served by so doing

It should be recalled that the object of price publication is twofold :

- a) to prevent discriminations on the part of a producer between different customers in respect of the sale of one and the same product,
- b) to give the customer the opportunity to select the most advantageous price for the same product made by different enterprises

While Decision No 37/54 was originally being drawn up, a number of objections were raised to the idea of more comprehensive price schedules, and the High Authority accordingly preferred to make a first trial before taking the matter further. The result of the trial to date has been that the introduction of the Common Market for special steels and the inclusion in the schedules of 73% of the special steels produced has proceeded smoothly and without harmful effects

Study of the conditions peculiar to the production of and trade in the special steels still exempt from the requirement to publish price schedules has shown that the schedule system could usefully be extended to include certain other special steels, *viz*

- a) alloy structural steels not yet schedulable;
- b) ball-bearing steels,
- c) stainless and heat-resisting steels

On the other hand, the High Authority concluded that it was not at present either absolutely necessary or an easy matter to include *high-speed steels, tool steels or steels with special physical and magnetic properties*, and that it would be advisable to await the results of the inclusion of the steels listed above

*High-speed steels* contain a high proportion of alloying elements, and in any event represent no more than 0.47% of total special-steels production. In the case of *tool steels*, a fairly large number of qualities are insufficiently comparable. The steels with special physical and magnetic properties are also not really comparable, and represent only 0.08% of special steels as a whole.

The High Authority consulted the special-steels producers of the Community in June 1958, and in December adopted a decision on the subject <sup>1)</sup> As a result of the inclusion of the three further types, the special steels requiring to be scheduled now represent 92% of the total tonnage of special steels marketed instead of 73%, and 83% of the value instead of 50%.

104. *Publication of prices.* — The list of basis prices for iron and steel products, first published by the High Authority in loose-leaf form in the spring of 1958, was subsequently supplemented by the inclusion of certain additional information concerning in particular the dates of changes in price.

It is not, however, possible to include, as has been suggested from various quarters, extras and other details in connection with the quotation of prices. To do so would be contrary to the whole object of the publication, which is to enable prices to be compared at a glance.

A certain amount of confusion having arisen in the practical observance of the provisions on non-discrimination and publication of schedules and conditions of sale with regard to sales by works' depots, it proved necessary to issue a ruling interpreting the High Authority's decisions in this connection. The High Authority in an official communication therefore reminded the enterprises that sales by depots

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<sup>1)</sup> Decision No. 33/58 of December 1, 1958 (*Journal Officiel des Communautés européennes*, December 18, 1958)

owned by them must be effected in accordance with the prices and conditions set forth in the schedules which they had lodged <sup>1)</sup> In view of the fact that the holding of stocks at depots involved some extra expense, they were entitled to make provision in their schedules for charging higher prices on deliveries from their depots than on direct deliveries. To charge lower prices was thus counter to Article 60,1 of the Treaty

105. *Price alignment in the steel market* — In accordance with Section 30 of the Convention containing the Transitional Provisions, price alignment was prohibited in the Italian market up to February 10, 1958, when the transition period expired. When the Italian iron and steel industry thereupon invoked the last paragraph but one of Article 60,2, *b* of the Treaty, with special reference to differences in modes of quotation as between a product and the materials employed in its manufacture, the High Authority came to the conclusion that it should keep a careful watch on alignments effected in the Italian market, in order to be able to judge whether the provisions in question did in fact apply

It accordingly decided to require Community iron and steel enterprises to declare to it all sales to buyers in Italy in respect of which they aligned their prices with lower delivered prices quoted by other Community enterprises. <sup>2)</sup> Iron and steel enterprises in Italy, however, were to be bound by this requirement only where they aligned their prices for sales within Italy with lower delivered prices quoted by enterprises outside Italy. Sales of iron ore, manganese ore and scrap were not declarable. This decision was to remain in force from June 15, 1958, to June 14, 1959

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<sup>1)</sup> See High Authority Communications (*Journal Officiel des Communautés européennes*, December 8, 1958)

<sup>2)</sup> Decision No. 6/58, of June 4, 1958 (*Journal Officiel des Communautés européennes*, June 11, 1958).

106. *Alignment in the coal market.* — General alignment as provided for by Article 60 of the Treaty was suspended by the High Authority during the transition period, in order to obviate possible disturbances in the collieries' operating conditions and in the currents of trade. In accordance with Section 24 of the Convention, the High Authority authorized zone-delivered prices, which made possible a limited and controlled degree of alignment. From April 1, 1958, a new system was introduced whereby the right to align prices was made subject to certain conditions, *viz.* <sup>1)</sup>

- a) that small producers should be protected by alignment's being permitted only with the delivered prices of the biggest producers or their selling agencies,
- b) that alignment should be limited to 20% of the tonnage marketed during the preceding coal year,
- c) that alignment in each sales area should be limited to the amount of the tonnage marketed the previous year

As an exception, the reference figures for the coal year 1958-59 were to be the tonnages marketed during the coal year 1956-57

The High Authority moreover intends to operate this system in as flexible a manner as possible. Thus it authorized one enterprise to align its prices in respect of larger tonnages, in order that the restriction should not adversely affect the flow of supplies to traditional and natural markets; it also empowered another enterprise to go beyond the 20% ceiling referred to in the decision.

107 *Non-discrimination* — An Italian law of July 17, 1954, introduced a number of Customs duty and tax exemptions

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<sup>1)</sup> See Decision No 3/58, of March 18, 1958 (*Journal Officiel de la Communauté*, March 29, 1958, and *Sixth General Report of the High Authority*, April 1958 (Vol II, No 13))



in favour of iron and steel products used in shipbuilding in Italy <sup>1)</sup> This involved a discrimination between Italian products and products imported from other Community countries although the latter have the benefit of certain tax reliefs and were admitted free of duty even before February 10, 1958, their Italian counterparts carry not only the same tax concessions, but also a flat drawback representing approximately the amount of the Customs duties charged in 1954 on products entering Italy from other Community countries. Inasmuch as these duties were progressively reduced from 1954 onwards, and finally done away with on February 10, 1958, this is an incentive to the shipbuilding firms to give preference to Italian products.

The High Authority made a number of representations at various dates to the Italian Government, which at the end of August 1957 conveyed to it an amended version of the law in question, conceding to the products imported from other member countries the same advantages as those enjoyed by the corresponding Italian products.

The High Authority signified its agreement to the amendment, and asked to be notified when the new law was promulgated and brought into operation.

Nothing further having been heard in the matter, it eventually requested the Italian Government, in accordance with Article 88,1 of the Treaty, to inform it not later than February 1, 1959, what its position was, or to indicate a firm date for the amendment of the law.

108. *Free circulation of products* — The High Authority also continued its efforts to dispose of the *administrative impediments* to the free circulation of products. In co-operation with the Governments of the member States, a fresh list of all the international transport formalities still obtaining

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<sup>1)</sup> See *Fifth General Report of the High Authority*, April 1957 (No 79).

within the Community was drawn up, with a view to introducing further simplifications

The High Authority is, however, aware that this will probably not be possible until the arrangements in force in this connection in the individual countries have been lined up.

For this reason, the Co-ordinating Committee of the Council of Ministers postponed examination of the draft "standard Customs document" for Community products which had been worked out by the High Authority and submitted by it to the member Governments. The work in connection with the harmonization of the tariff systems of the different countries is having to be carried on in close co-operation with the other two European Communities.

In one particular case the High Authority found that the administrative regulations of one member State with regard to presentation of a certificate of origin (made out by the works) in connection with applications for export licences, and to the certificate of free pratique for shipments of goods to other Community countries, were incompatible with the principles of the Treaty. The Government concerned was requested to repeal the regulations in question.

## **Section 2 — Cartels and Concentrations**

### *CARTELS*

109 *Examinations initiated, completed and in progress* — As at April 1, 1958, 29 cases were under examination following application for authorization. Between April 1, 1958, and February 1, 1959, the period under review, three further cases were taken up at the application of the parties concerned.

In addition to the 20 cases being examined as at April 1, 1958, by the High Authority on its own initiative, eight further cases were taken up between that date and February 1, 1959.

Between the introduction of the Common Market and February 1, 1959, a total of 123 examinations were begun under Article 65. 83 of these arose out of applications for authorization, and 40 were initiated by the High Authority itself. The breakdown by countries and by outcome is shown below.

Country	Number of cases	of which			Cartels voluntarily dissolved
		authorized	prohibited	Article 65 not applicable	

*1. Cases examined following application for authorization*

Germany (Fed Rep.)	21	9	—	5	2
Belgium	14	4	—	4	2
France	35	1	—	19	—
Italy	10	1	—	6	—
Luxembourg	—	—	—	—	—
Netherlands	3	—	—	1	1
Total	83	15	—	35	5

*2 Cases examined by the High Authority on its own initiative*

Germany (Fed Rep.)	16	—	3	24	1
Belgium	2	—	—	2	—
France	16	—	—	7	1
Italy	2	—	1	—	—
Luxembourg	—	—	—	—	—
Netherlands	2	—	—	1	—
Community	2	—	—	—	—
Total	40	—	4	34	2
Grand Total	123	15	4	69	7

Cases not yet officially closed at February 1, 1959, included a number in which the actual examination had been completed but it was felt that subsequent developments should be kept under observation.

In certain other cases the High Authority's eventual decision must be conditioned by the issues arising in connection with Article 66 of the Treaty: the cases in question are those of agencies selling iron steel products on behalf of

various major enterprises and at the same time numbering some of these enterprises among their shareholders. Before taking its decisions on the matter under Articles 65 and 66, the High Authority has to examine the whole interrelationship of the different enterprises concerned, as regards both their commercial relations and such controlling interests as they may have in one another.

110. *Scrap.* — The High Authority kept the Common Assembly regularly informed concerning the difficulties in the scrap market during the boom period, and in particular the problem as to the authorization of a price-compensation scheme for imported scrap run by the iron and steel industry. This scheme was subsequently replaced by a Compensation Office set up by the High Authority itself, with the agreement of the Council of Ministers.

Side by side with this organization there was a Joint Office of Scrap Consumers, authorized by the High Authority under Article 65 of the Treaty and responsible for, *inter alia*, the importation of scrap from third countries.

In the course of the period under review the state of the market altered fairly considerably. After several years during which supplies were extremely tight, the scrap situation returned to normal following the slight falling-off in Community iron and steel production and the easing of the American scrap market.

Developments in the market on the one hand and complaints of concerted practices and criticisms of the Joint Office's activities on the other caused the High Authority early in 1958 to institute a thorough investigation of the operation of the scrap market, and more especially of its operation during the recent years of short supply. In particular, it went carefully into the activities of the "regional offices" to make sure whether these had in fact been kept within the limits laid down in Decision No 2/57.

These inquiries have already been completed in the Community countries with the largest scrap resources, and a report has been made to the High Authority. Action to ascertain exactly what had been going on became especially necessary when the desirability of extending the compensation scheme was queried, and above all when the Council of Ministers declined to approve such an extension. Now that greater freedom reigns in the Common Market, as a result of the abolition of price compensation on imported scrap, the High Authority has to see to it that no prohibited practices creep in to interfere with that freedom.

The High Authority, on being informed that the Joint Office's activities were to continue, sent a letter to the Chairman on January 8, 1959, asking for details of the manner in which the Joint Office intended to exercise each of the various activities defined in its articles of association, and in particular those in connection with joint importation.

The High Authority went on to point out that joint importation of scrap from third countries, which involved restriction of the normal play of competition in the Common Market for scrap within the meaning of Article 65, 1 of the Treaty, was lawful only if authorized by it (the High Authority) under Article 65,2.

It further stated that were the Joint Office to continue operating on the same lines as heretofore, this would be a restriction of the normal play of competition and would accordingly require High Authority authorization.

*111 Concerted practices.* — Since the introduction of the Common Market the High Authority has several times had occasion to note concerted practices whereby enterprises in the same area have made the same changes in their prices at the same time.

During the boom period these enterprises pleaded their Governments' special representations to them not to raise their prices to the full extent of the increase in raw-

material prices and wages, the object being to avoid a general rise in prices.

The High Authority has repeatedly urged the Governments to refrain from encouraging collective decisions to raise or lower prices

In some cases investigated by the appropriate High Authority departments the price changes had been made by the different enterprises concerned within four to six weeks.

Attention was drawn to one infringement where a large works had raised its prices for certain products to the level of those charged by its competitors. In addition, a uniform price level for other products had been restored at the same time by all these enterprises together, by methods which in the High Authority's view could only have been the result of practices prohibited by the Treaty - half the difference had been eliminated by price cuts on the part of some of the enterprises, and the other half by increases on the part of the enterprise which had until then been charging the lowest prices

## *112 The coal-selling system in the Ruhr*

### *a) The selling agencies*

After three years of experience from the issuing of its authorizations in February 1956, the High Authority has come to the conclusion that the coal-selling system in the Ruhr as it has in fact been operating has not been in conformity with the terms of the authorizations, and has not brought the results expected when these were granted. <sup>1)</sup> The three selling agencies have not evolved independent commercial policies : on the contrary, a uniform marketing system

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<sup>1)</sup> See Decisions Nos 5-8/56, of February 15, 1956 (*Official Gazette of the Community*, March 13, 1956)

In addition, the High Authority will make it clear to those concerned

- a) that the extensions will in no circumstances be renewed;
- b) on what economic and legal grounds it considers itself unable to allow the present system to continue beyond the dates mentioned;
- c) that after the two years have elapsed it will grant authorizations in respect of cartels and groups of enterprises only in accordance with the following principles :
  - *Principle 1* : whatever arrangements are adopted for the selling of Ruhr coal in place of the present system must be the outcome of independent decisions by the different enterprises, the High Authority to lay down rules framed to ensure that such decisions shall not once again lead to the *de jure* or *de facto* establishment of a uniform system based on practically identical organizations,
  - *Principle 2* · the selling arrangements must be as efficient as possible, in order to improve the operation of the Common Market for coal and the competitive position of coal in the energy market,
  - *Principle 3* to the extent that it may be necessary for the sake of continuity of employment or the maintenance of workers' incomes, the High Authority will sanction such procedures and arrangements as it may deem appropriate with this end in view, it will conduct studies in co-operation with representatives of the Government, the workers and the producers

The High Authority's preliminary conclusions in the light of its three years of experience are that certain features of the present coal-handling system in the Ruhr make it impossible to observe these three principles in their entirety

In particular,

- a) a uniform and co-ordinated system is unavoidable unless a number of major enterprises are definitely prepared to market their production independently,
- b) the independence of any selling agency authorized could be guaranteed only if the enterprises belonging to it were not, except in carefully-specified cases, permitted to belong to more than one agency at a time;
- c) a selling agency cannot “contribute to a substantial improvement in production”, as it is required to do by Article 65, 2,*a* of the Treaty, if the enterprises belonging to it dispose of a considerable and/or variable proportion of their production in other ways

As in the past, the High Authority will maintain a constant watch on the activities of the various organizations, particularly in order to make sure whether they are abiding by the restrictions and conditions set forth in the authorizations, and whether the action taken by them is in accordance with the provisions of the Treaty

In addition, High Authority officials will be instructed to study whether it is necessary that the authorizations should be rescinded or amended, they will also examine the special aspects to be taken into consideration in any reorganization of the Ruhr coal-selling system

b) *Admission of direct -buying wholesalers*

The trading regulations of the Ruhr coal-selling agencies, as amended by the decisions of July 1957, lay down three conditions for the admission of dealers as direct-buying wholesalers.<sup>1)</sup>

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<sup>1)</sup> See Decision Nos 16-18/57, of July 15, 1957 (*Official Gazette of the Community*, August 10, 1957)



In order to increase to the level regarded as necessary by the High Authority the number of dealers in the Netherlands portion of the Common Market entitled to obtain their procurements of Ruhr coal direct, the third of these conditions was suspended for one year so far as the Netherlands coal trade was concerned

The year expired in July 1958, and the High Authority did not extend the period of suspension, since the number of direct-buying wholesalers by that time operating in the Netherlands was deemed to be sufficient.

When it takes its decision extending the coal-selling system in the Ruhr, the High Authority intends to make some alterations in the present criteria for entitlement to buy direct from the selling agencies.

*c) Long-term delivery contracts*

The decisions authorizing the joint selling of Ruhr coal by the agencies do not in principle impose any restriction on the conclusion of long-term delivery contracts for periods not exceeding the period of the authorizations. Fresh High Authority decisions became necessary only when the selling agencies wished to begin entering into long-term contracts which would run beyond the date of expiry of the authorizations granted in respect of joint selling

In granting permission to conclude such contracts, the High Authority had to take care

- a) not to anticipate any future arrangements for the marketing of Ruhr coal,
- b) to designate in good time those collieries (and the tonnages to be supplied by them) which would be responsible for making the deliveries under the long-term contracts in the event of the joint-selling system's being meantime abolished,

- c) to do nothing to endanger the regular flow of supplies to the Common Market, and hence to reserve the right to restrict or suspend the conclusion of long-term contracts at any time should supply considerations make this necessary <sup>1)</sup>

The selling agencies' periodic declarations of long-term contracts signed indicate that so far these are not on such a scale as to involve a proportion of saleable production liable to endanger the regular flow of supplies to the Common Market.

The High Authority intends when it issues its decisions extending the Ruhr coal-selling system to allow greater latitude to the agencies in the conclusion of long-term contracts

d) *Own consumption of integrated coal/steel enterprises*

For the period during which the new authorizations granted to the Ruhr coal-selling agencies are to be in force, the High Authority will have to examine whether provisional directives should be laid down with regard to deliveries of coal by collieries linked to enterprises of the iron and steel industry

113. *Oberrheinische Kohlenunion (O.K.U.)* — The Oberrheinische Kohlenunion was authorized after undergoing drastic structural changes which brought it into line with the requirements of Articles 4 and 65 of the Treaty. <sup>2)</sup> Under the new regulations, producers are no longer allowed to belong to the O.K.U.

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<sup>1)</sup> See Decisions Nos 7-9/58, of June 18, 1958, Nos 24-26/58, of October 30, 1958, Nos 38-40/58, of December 19, 1958, and Nos. 41-45/58, of December 22, 1958 (*Journal Officiel des Communautés européennes*, July 15 and November 14, 1958, and January 19, 1959)

<sup>2)</sup> See Decision No. 19/57, of July 26, 1957 (*Journal Officiel de la Communauté*, August 6, 1957)

The exemption granted by the High Authority to producers in Lorraine and the Saar, and to Unichar and Sorema, up to March 31, 1958, was extended until July 31 <sup>1)</sup> An application for a further extension was turned down, as the High Authority did not consider that there were any especially compelling reasons for such a step.

An application for the extension of the O.K.U. was submitted to the High Authority on January 20, 1959. The High Authority intends to state its views as soon as it has examined both the actual application and the reports made on the operation of the O.K.U. following the decision of July 26, 1957.

#### CONCENTRATIONS

114 As at April 1, 1958, 43 cases were under examination, of which 6 had been taken up as a result of applications for authorization and 37 on the High Authority's own initiative. Between April 1, 1958, and February 1, 1959, the period under review, 12 further cases were taken up, 8 following applications for authorization and 4 on the High Authority's own initiative.

17 cases were finally disposed of during this period: in 4 the High Authority granted authorization, and in 13 it concluded that Article 66 did not apply.

From the introduction of the Common Market to February 1, 1959, 116 cases in all were examined under Article 66, 57 of them following applications for authorization and 59 on the High Authority's own initiative. The following table shows the breakdown by countries and outcome.

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<sup>1)</sup> See Decision No. 4/58, of April 2, 1958 (*Journal Officiel de la Communauté*, April 14, 1958).

Country of head office of principal enterprise	Number of cases	of which					Cases disposed of
		Authorizations	Examinations under Article 66, 5	Concentrations effected before issuing of Treaty	Authorizations not required in accordance with regulations implementing Article 66, 3	Article 66 not applicable	
1 Cases examined following application for authorization							
Germany (Fed Rep )	29	17	2	3	—	4	26
Saar	1	—	—	—	—	—	—
Belgium	9	3	—	2	1	2	8
France	13	4	1	—	—	8	13
Luxembourg	4	2	—	2	—	—	4
Italy	1	—	—	—	—	1	1
Total	57	26	3	7	1	15	52
2. Cases examined by the High Authority on its own initiative							
Germany (Fed Rep.)	24	3	—	1	—	4	8
Saar	1	—	—	—	—	—	—
Belgium	13	—	—	—	1	3	9
France	17	2	—	2	—	3	7
Luxembourg	2	—	—	1	—	1	2
Community	2	—	—	—	—	—	—
Total	59	5	—	4	1	11	26
Grand Total	116	31	3	11	2	26	78

115. In several of the cases still open at February 1, 1959, under Article 66, examination has not indicated that concentration exists.

It is, however, necessary in a number of these cases to keep a continued watch on any further development in the relationship of the enterprises concerned, in order that they may be reminded if necessary that they must apply for authorization before taking the process of concentration any further

In the field of coal/steel concentration, the High Authority gave its permission to the acquisition of a majority holding in the Constantin der Grosse colliery, Bochum, by

the Bochumer Verein fur Gusstahlfabrikation A G , Bochum  
This operation affects a total production of 3.75 million metric tons of coal (in 1956), or 1.5% of Community production, and 1.2 million metric tons of crude steel (in 1956), or 2.11% of Community production

The relevant decision makes it clear that the High Authority insists on application for prior authorization in respect of all concentrations coming under Article 66,1 . it imposed a fine on the operation in question, inasmuch as the enterprises concerned had not submitted their application within the prescribed time, although they had had no intention of evading the High Authority's jurisdiction.

116. In the field of steel/steel concentration, the High Authority authorized the acquisition of a majority holding in the Bochumer Verein fur Gusstahlfabrikation A G , Bochum, by the Hutten- und Bergwerke Rheinhausen A.G. Since the latter company is controlled by Friedrich Krupp, of Essen, the operation thus authorized resulted in a concentration between Friedrich Krupp and the other enterprises under its control on the one hand and the Bochumer Verein fur Gusstahlfabrikation and the enterprises under its control on the other

In authorizing this concentration the High Authority employed the means open to it under the Treaty with regard to concentrations in a new manner. In accordance with Article 66,2,1, it examined whether the projected operation would give the enterprises concerned the power to hamper competition or evade the rules of competition, and decided that the percentages of overall production represented and the scale of the deliveries by the coal and steel enterprises concerned to one another were not such as to enable them to do so. The operation affects a total production of 7.5 million metric tons of coal (in 1956), or 3% of Community production, and 3.1 million metric tons of crude steel (in 1956), or 5.5% of Community production

Under Article 66,2, the High Authority also had to examine what possibilities concentration would offer these enterprises for the future. This was a particularly important aspect in view of the investment potential of a concern as large as the Krupp group. The High Authority accordingly decided to keep a special check on all capital schemes embarked upon in future in the steel sector by the enterprises in question.

The High Authority would take this opportunity to emphasize once again that its decision does not affect any obligations and responsibilities resulting for the individuals, enterprises and Governments concerned from the implementation of the provisions of the law concerning the reorganization of the German coalmining and iron and steel industries under the Convention on the Settlement of Matters arising out of the War and the Occupation. Its decision is concerned solely to assess the criteria and implement the means laid down in the Treaty establishing the European Coal and Steel Community.

117 In the field of coal/coal-trade concentration, two smaller concentrations were also authorized during the period under review, namely

- a concentration between Piepmeyer & Oppenhorst, Duisburg, a subsidiary of Franz Haniel & Co., Duisburg-Ruhrort, and the Rheinland Company, Duisburg;

- a concentration between the Haniel Company, Hamburg, and the Josef Engel Company, Hamburg-Lockstedt

Both cases were concentrations between a colliery and a firm of coal retailers.

### Section 3 — Transport

#### RAIL TRANSPORT

118 With a view to the practical implementation of the principle laid down in Article 70,1 of the Treaty establishing the European Coal and Steel Community, according to which “the establishment of the Common Market requires the application of such transport rates for coal and steel as will make possible comparable price conditions to consumers in comparable positions”, Section 10 of the Convention containing the Transitional Provisions stipulates the following three measures :

- 1) elimination of discriminatory practices contrary to the provisions of Article 70,2;
- 2) for transport within the Community, the drawing-up of international through-rates which take into account the total distance and are degressive, yet do not prejudice distribution of charges among the transport enterprises concerned;
- 3) the examination of the prices and conditions of transport of every kind applied to coal and steel by the different types of transport, in order to harmonize these prices and conditions within the Community as far as may be necessary for the proper functioning of the Common Market, taking into account, among other elements, the real cost of transport

119 *Elimination of discriminatory practices* — The work in connection with the elimination of discriminatory practices has been practically completed except in two instances

The first is that of the discrimination resulting from the conditions under which the Kaldenkirchen-Venlo frontier-point between Germany and Holland was opened. Following protracted negotiations, the German Government decided to open this frontier-point from December 15, 1958, to all E.C.S.C. traffic in single wagons emanating from or destined for any of the member countries of the Community. The High Authority reserved the right to examine whether and to

what extent the new conditions of entry at the frontier-point in question are compatible with the provisions of the Treaty

In this connection, eleven iron and steel enterprises in the North and East of France have lodged an appeal with the Court of Justice against the High Authority on grounds of non-feasance

The second instance is that of the discrimination which results, according to the routes used and countries involved, from the application of certain services scheduled on the one hand for the transport of coke from France to Italy, and vice versa, by Franco-Italian lines, and on the other for the transport of coke from one of the Community countries to Italy, and vice versa, via Switzerland or Austria. The negotiations which the High Authority has entered into with the Italian Government have not yet been concluded. On the questions of the exemptions which were permitted temporarily but are no longer justified since the expiry of the transition period and the definite establishment of the Common Market, the High Authority will make every effort to arrive as soon as possible, at a satisfactory solution

120 *International through-rates.* — In this connection it should be noted that neither the introduction, in accordance with the agreement of March 21, 1955, of the E C S C international tariff for exchange traffic between the member States nor the extension of this tariff to include transport via Switzerland and Austria, effected under the agreements reached with these countries, has given rise to any particular difficulties

Furthermore, as has been confirmed during the annual meetings held by the Transport Committees set up under the agreements reached with Switzerland and Austria, practically no difficulties have arisen in respect of the application to Treaty products of the competition and parity tariffs resulting from these agreements

121 *Tariff harmonization* — The efforts which have been made to achieve the harmonization of rates and conditions for all types of transport to the extent necessary for the efficient functioning of the Common Market have given rise to a number of problems with regard to the comparable treatment to be given, according to Article 70,1, to consumers in comparable positions.

Certain questions relating to railway-tariff harmonization were closely bound up with the introduction of the



E C S C international through-rates, and had to be decided without delay

- a) In the first place, there was the question of fixing standard definitions and rules in order to make it possible to institute a uniform ratemaking procedure. A very considerable degree of harmonization has been achieved by adopting the same calculation factors for establishing the charges (terminal station fee, basic distance charge and tapering ratios)
- b) It was also necessary to establish a standard nomenclature valid for all railway networks within the Community and specially adapted to transport requirements. The classifications contained in the standard transport nomenclature drawn up by the Community have been incorporated both into the E C S C international tariffs and into the internal railway tariffs of the member States. The designations have also been accepted for the nomenclature of goods prepared by the International Railway Union (U.I.C.)

The standard transport nomenclature was subsequently brought into line with the Common Nomenclature for the Classification of Goods in Customs Tariffs. The new standard nomenclature was published in the *Journal Officiel de la Communauté* and came into force on January 1, 1958, and has been incorporated into the E C S C international through-rates and the internal railway tariffs of the member States.

- c) Another harmonization question relates to goods falling into subsidiary categories. Although, as regards the exchange traffic of fuels and ores within the Community, only the main categories have any practical bearing, it was considered necessary to examine, before the introduction of the E C S C international through-rates for iron and steel products and scrap, the possibility of standardizing the subsidiary load terms and the increase coefficients applicable to these classes of goods in relation to the main categories. With regard to iron and steel products and scrap, the Committee of Transport Experts proposed the adoption of standard load terms for 20, 15, 10 and 5 metric tons, and also of standard increase coefficients (1.05, 1.20 and 1.60) for calculating the charges for subsidiary categories of goods for both internal and E C S C exchange traffic.

After the High Authority had approved this proposal, the appropriate amendments were made in the E C S C international through-rates and in the internal rate schedules of the member States, with one minor exemption in the case of Germany.

- d. Another problem relating to harmonization, also closely bound up with the introduction of the E C S C. international through-rates, was the standardization of the tapering rates in the Community railway tariffs. The agreement of March 21, 1955, concerning the establishment of international railway through-rates, provides for the partial harmonization of the tapering rates, *i.e.* up to a distance not exceeding 250 kilometres in the case of fuels, ores and scrap, and 200 kilometres in the case of iron and steel products. It was possible to achieve this partial harmonization immediately and without much difficulty since at the time of the discussions on the introduction of the international through-rates, the tapering rates up to the distances involved in the railway rate-schedules of the six member States already to some extent corresponded.
- e. Finally, another important harmonization problem is that of the harmonization of tariff relativities between E C S C products, particularly the relativities coke/coal, coal and coke/ore, and semi-finished/finished iron and steel products. In view of the fact that the Committee of Transport Experts proved unable to reach agreement in this matter, the High Authority appointed a Committee of Economic Experts to examine the problem of harmonization. The task of the latter was to consider the problem with particular regard to the possible repercussions of harmonization on the Community industries at local level. The examination of all other questions relating to harmonization has had to be postponed until the results of the investigations of the Committee of the Economic Experts are available.

In the meantime, the Committee submitted its Report on the harmonization of transport rates for coal and steel. The High Authority has transmitted copies of the Report to the Governments of the member States, and recommended that the examination of harmonization measures be continued in the form of negotiations with the Governments in the Council of Ministers. It will state its position as regards the Report during the negotiations. At this stage it has merely drawn attention to the fact that the harmonization of charges and conditions of railway transport involves the following major points:

- 1) principles of degression of transport charges according to the distances involved,
- 2) tariff relativities between the various Treaty products,
- 3) tariff provisions concerning load terms and reductions for the carriage of goods by complete train-loads or sets of wagons,

- 4) principles concerning equal tariff treatment as regards the distance covered, or concerning differentiation of the tariff level according to the routes concerned (ratemaking on the basis of traffic density)

122 *Special domestic tariff measures.* — After examining the “special domestic tariff measures applied in the interest of one or several coal- or steel-producing enterprises,” the High Authority allowed the time required for all supporting tariffs not compatible with the principles of the Treaty to be eliminated without causing any serious economic disturbance <sup>1)</sup>

Appeals, at present still pending, were lodged with the Court of Justice against the High Authority by the Federal Republic of Germany and by several German and French iron and steel enterprises and groups of enterprises.

The progressive elimination from July 1, 1958, of certain special tariffs applicable to the transport of ore and coal, under the High Authority's decision of February 9, 1958, has not been introduced by the Federal Government. The High Authority therefore found it necessary to request the Federal Government to fulfil its obligations not later than July 31, 1959 <sup>2)</sup>

The French Government duly conformed with the High Authority's decision relating to French special tariffs for the transport of ores and coal and to the progressive elimination, from July 1, 1958, of certain special tariffs applicable to the transport of ores and coal, as required by that decision

123 As regards the special domestic tariff measures applicable in France to consignments of coal from collieries in Aquitaine, Auvergne, the Cévennes and Herault to departments on the Atlantic seaboard south of the Loire, the High Authority, after examining a request to the effect that an extension should be granted if necessary, considered that

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol II, Nos 80-84)

<sup>2)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol II, Nos 80-84)

it would be compatible neither with the provisions nor with the principles of the Treaty to support Community enterprises by allowing special tariff measures on the grounds that such enterprises were situated at a distance from their market outlets and that they could not be sufficiently competitive unless their delivered prices could be artificially reduced<sup>1</sup>. Consequently the High Authority was not able to give its agreement as required by Article 70,4 of the Treaty. However, in view of the effects which the immediate elimination of these tariff measures would have had, the High Authority fixed the time-limit for their ultimate abolition at July 31, 1961.

At the present time there are in force in Italy two public railway tariffs coming under the provisions of Article 70,4. These are the tariff applicable to the industrial area of Apuania, which it is planned to abolish stage by stage, and the tariff applicable in connection with the industrialization of Southern Italy and the Italian islands. These two tariffs are now being examined by the High Authority as to their compatibility with the provisions of the Treaty.

124 *Special domestic tariff measures in respect of products not covered by Article 81 of the Treaty (Article 70,4)* — The High Authority requested the six Governments to forward to it by April 1, 1959, a list of the “special domestic tariff measures applicable in the interest of one or several coal- and steel-producing enterprises” in respect of products not coming under Article 81 of the Treaty.

The products concerned are the following: lime and limestone, burnt pyrites, other forms of ferrous matter (ferrous scrap, slag, etc. used in the production of iron and steel), refractory bricks, liquid fuels and lubricants, blast-furnace slag, blast-furnace cement, ground basic slag, mining timber, pitch and bitumen, building materials of all kinds (crushed stone, sand, etc.) and stowing material: iron and steel products not coming under the Treaty.

#### INLAND WATER TRANSPORT

125 So far as inland water transport is concerned, the question of the disparities in rates still remains the chief concern of the High Authority.

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<sup>1</sup> See *Third General Report of the High Authority*, April 1955 (No. 131).

As regard Rhine traffic, the agreement of July 9, 1957, relating to freight rates and conditions of transport for coal and steel, which came into force on May 1, 1958, clearly outlined the procedure to be adopted by the Governments of the member States with a view to the elimination of disparities in rates.

A reduction in Rhine traffic, coming at the same time as an increase in transport capacity, was the cause of a considerable fall in the international freight-rates.

Towards the end of the summer the Government of the Federal Republic of Germany introduced, for internal traffic, tariff measures reducing certain rates.

The Governments of the Netherlands and the Federal Republic have been invited to discuss with the High Authority the measures necessary for the adjustments to the internal rates applicable on the Rhine as required by the agreement of July 9, 1957. The above-mentioned German tariff measures will be examined in the course of this discussion in the light of the provisions of the Treaty.

The Governments of the member States having also undertaken in this agreement to come to an understanding with the High Authority on the adoption of a concerted procedure which would enable the High Authority to gain an accurate and complete picture of the whole Rhine freight-rates situation, talks were held with these Governments with a view to working out such a procedure.

Following these talks, the High Authority laid certain proposals before the Governments, which it considered would help to enable a practical and satisfactory procedure to be arrived at without loss of time.

Taking into consideration the legal factors concerning Rhine navigation, the Governments of the member States on March 10, 1958, authorized the High Authority to enter into negotiations with the Swiss Confederation with a view

to Switzerland's participation in or association with the agreement of July 9, 1957.

At the close of these negotiations an agreement was initialled on September 26, 1958, which should ensure the legal uniformity of navigation on the Rhine.

126. As regards the disparities in the rates applicable on the waterways west of the Rhine, the Governments meeting in the Council of Ministers on April 29, 1958, decided that

- a) the draft agreement relating to international goods traffic on the waterways west of the Rhine, prepared by the European Conference of Transport Ministers, and also the counterdraft submitted by the Netherlands delegation, should be considered simply as working documents containing a majority and minority proposal respectively,
- b) these working documents should be examined by the Ad Hoc Committee on Water-Transport Rates, which would then make a report to the representatives of the Governments of the member States in Council,
- c) the representatives of the Governments of the member States should examine this report, endeavour where necessary to clarify particular points, and propose that a joint committee of representatives of the Community and of the European Conference of Transport Ministers be set up to carry on the work in this matter and to submit a report to the representatives of the Governments of the member States the latter would then decide as to the adoption of the draft thus prepared

The ad hoc committee thus set up submitted a progress report in which the representatives of the Governments were asked to give detailed directives regarding the continuation of the investigations.

In spite of the serious and undeniable difficulties in the way of any solution to the problem of disparities on the waterways west of the Rhine, and although this question is closely linked with that of transport policy, the High Authority felt regretfully compelled to express its disappointment at the results achieved in the work carried out so far

This disappointment is mainly due to the fact that the progress report does not set forth any clear position

regarding the most important aspect of the ad hoc committee's work, *viz.* the elimination of disparities in freight-rates

What is more, the method proposed for the registration of rates, on the basis of the positions adopted and proposals submitted to date, does not appear to be of a nature to limit existing disparities at all

#### ROAD HAULAGE

127 In the course of its studies in connection with the problem of publication of road-haulage charges and conditions and of actual modes of fixing charges, the committee of experts set up in accordance with Section 10 of the Convention containing the Transitional Provisions was faced with a number of differences of opinion which proved impossible to smooth out and which were set forth in the report submitted by it to the High Authority on February 21, 1956.

During the negotiations with the Governments of the member States which it then initiated in 1956 on the basis of this report, the High Authority came to the conclusion that, although the differences of opinion appeared to be irreconcilable as regards basic principles, empirical measures compatible with the requirements of the Treaty might nevertheless be carried into effect in this field. The High Authority therefore endeavoured to propose practical regulations, bearing in mind both the terms of the Treaty and the economic positions and needs of transport undertakings. The work carried out on the basis of these proposals made it possible, at the session of the Council on March 10, 1958, for the Governments to reach agreement on a practical solution to be carried into effect with a view to resolving the major problems regarding the publication of road-haulage charges and conditions and the fixing of international road-haulage rates.<sup>1)</sup>

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol II, No 90)

However, as soon as work was begun on preparing a final draft of the agreement to be submitted to the Governments of the member States, differences of opinion again arose which made negotiations on these problems essential. At the session of the Council on June 16, 1958, the High Authority found itself obliged to make it clear that should the negotiations not produce positive results at the next session, scheduled for July, its responsibility for ensuring that the requirements of the Treaty were fulfilled would oblige it to adopt without further delay a definite position as regards the Governments' obligations under the Treaty in the matter of road haulage.

An association of German iron and steel enterprises, in a letter to the High Authority of July 10, 1958, listed the conditions which it considered should apply as regards the publication of rate schedules, charges and terms in respect of the transport of steel by road within the Community, and, basing itself on Article 35 of the Treaty, requested the High Authority to adopt a decision, on the basis of Article 88, taking these conditions into consideration and calling upon those Governments of member States which had not yet done so to publish or notify to the High Authority the rate schedules, charges and terms in respect of such transport.

128. There was further discussion on the question during the session of the Council on July 22, 1958, but this did not lead to unanimous agreement by the Governments on the measures to be taken in order to ensure compliance with the terms of the Treaty. Differences of opinion were firmly maintained, particularly as regards certain aspects of the problem of publication of transport charges and conditions and the question of consignments hauled from one member country to another in transit across one or more other member countries.

129. In view of the failure of all the efforts made over several years to obtain the agreement of the member States



on the practical measures to be adopted to achieve the objectives of the Treaty in respect of road haulage, the High Authority, in a letter of August 12, 1958,

- 1) invited the Governments to take the necessary steps to publish or notify to it all rate schedules, charges and terms applicable to consignments of coal and steel hauled by road on behalf of a third party within the Community,
- 2) stipulated that these obligations should be met in such a manner as to ensure the efficient operation of the Common Market as intended by the Treaty, and particularly by Articles 4, 5, 60, 70,1 and 70,2, producers and consumers to be enabled, to this end, to obtain particulars of the rate schedules, charges and terms applicable to the consignments in question,
- 3) stated, while leaving it to each individual Government to select its own means of doing so, that there were three possible ways of achieving these objectives, *viz.*
  - a) that the competent authority should publish a schedule of road-haulage rates with which the transport undertakings would be required to comply,
  - b) that the competent authority should order the carriers to publish in appropriate form, or notify to the High Authority, the road-haulage rates which they themselves had fixed and regularly charged,
  - c) that where no such tariffs existed, or where such tariffs included minimum or maximum prices, road-haulage charges and terms should, immediately after each transport contract had been concluded, be notified to the High Authority,
- 4) insisted that an adequate check of the regulations laid down be instituted, and that compliance with these regulations be ensured by means of appropriate disciplinary measures,
- 5) stated that should a Government confine itself to requiring that the carriers forthwith notify to the High Authority the particulars of all transport contracts concluded (point 3,c), the High Authority would keep a watch upon the application of this method in order to ascertain whether it were possible by this means to achieve the objectives of the Treaty in a satisfactory manner, and that if, after a trial period not exceeding four months, it appeared that this was not the case, the High Authority would examine whatever other measures might prove necessary,

- 6 requested the Governments in view of the foregoing to inform it by December 1, 1958, at latest what steps they had taken up to that date, or to forward by the same date the observations which they intended to put forward under Article 88,2 of the Treaty

In reply to this letter, certain Governments made observations which are now being closely examined by the High Authority.

The association of German enterprises already referred to, having been informed of the contents of the High Authority's letter, on September 12, 1958, filed a petition with the Court of Justice. The case is now being examined by the Court.

#### TRANSPORT STATISTICS

130 For the second consecutive year, the High Authority has just published the inter-area statistics relating to the transport of Treaty products <sup>1)</sup> The purpose of these latest statistics and the principles on which they were compiled were indicated in the Fifth and Sixth General Reports <sup>2)</sup> In addition to the overall figures for 1957, they contain for the first time a comparison between the flows of traffic for two separate years, thus giving some indication of the trend. The total tonnage of Treaty products carried during 1957 within the Community by the three modes of transport (by rail, by inland waterway and by sea) amounted, according to these statistics, to 405.7 million metric tons. This total may be broken down by products as follows

Hard coal and hard-coal briquettes	43%
Brown coal and brown-coal briquettes	6%
Coke and low-temperature coke	12%
Iron and manganese ore	20%
Scrap	6%
Pig-iron and crude steel	2%
Semi-finished products	3%
Rolled products	8%

<sup>1)</sup> See *Transports des Produits du Traité*, Publications Department of the European Communities, Luxembourg, September 1958

<sup>2)</sup> See *Fifth General Report of the High Authority*, April 1957 (No. 147), and *Sixth General Report of the High Authority*, April 1958 (*Statistical Annex*, Table 44)

As compared with 1956, there was an increase of about 3% in the total tonnage carried in 1957. Side by side with this increase, there was a change in the distribution of the tonnage among the three modes of transport. A few characteristic tendencies were noticeable in inter-area traffic. Supplies of iron ore to the Ruhr included a higher proportion of imports from third countries: thus deliveries from the German port of Emden increased by 11% and those from Rotterdam by 2%, while deliveries of iron ore emanating from, for instance, Luxembourg dropped by 28% during the same period.

Shipments of Saar coal definitely tended to be concentrated on France: as against a general drop in the tonnages sent from the Saar to Central and Southern Germany, there was an increase in those sent to France. In the Amiens, Rouen and Paris districts this increase was in the region of 9%, and in the Dijon and Lyons districts about 3%. The statistics also indicate an increase in consignments of coal from Eastern France to Southern Germany, and in French imports of semi-finished and rolled products from Germany, Belgium and Luxembourg.

The statistics for 1957, like those for 1956, do not include consignments hauled by road, the reason being that for most countries comparable figures were not available. However, the outstanding importance of this mode of transport is brought out by a survey conducted in Germany of road haulage of iron and steel products: thus in 1955 rolled products carried by lorry (exclusive of short hauls) totalled 4,424,000 metric tons within the Federal Republic.

The Statistical Annex contains a series of tables and maps relating to the transport of the principal Treaty products.<sup>1)</sup>

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<sup>1)</sup> See *Statistical Annex*, Tables 48-56.

## CHAPTER FIVE

### LONG-TERM DEVELOPMENT OF THE COMMON MARKET

#### Section 1 — Investment in the Coalmining and Iron and Steel Industries

131. In the field of investment, the High Authority is seeking first and foremost to provide the enterprises with as complete an analysis as possible of achievements and trends in each industrial sector and in each producer area. To this end, it makes an *annual survey of all investments* completed, in hand and planned. The results of the survey are widely publicized, to enable each firm to dovetail its own projects into the pattern of the Common Market.

The information assembled by the High Authority is supplemented by the *declarations which the enterprises are required to make concerning some of their capital schemes*, which they must submit to the High Authority not less than three months prior to the conclusion of the first contracts or the commencement of operations.

The High Authority publishes all the facts and figures of general interest that are brought to its notice. The same applies to the examination of particular sectors: thus three studies on the production of plate and sheet were made available during 1957 <sup>1)</sup>, and these are to be followed shortly

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 Vol. II, (Nos. 306-313)

by two documents dealing with hoop and strip and wire-rod. These various publications are to encourage the enterprises to bring their decisions in matters of investment into line with the general interest.

Apart from influencing the trend of investment by the dissemination of information, the High Authority aims at promoting the co-ordinated development of investment. Its representatives give an opinion on particular projects when requested to do so during visits to works and talks with heads of enterprises. Under Article 54 of the Treaty a *reasoned opinion* may be issued in connection with capital schemes, and *loans and guarantees may be furnished* to facilitate the carrying out of the projects which are most likely to help achieve the General Objectives.

#### ANNUAL INVESTMENT SURVEY

132 The Sixth General Report on the Activities of the Community, published in April 1958, gave some details of the survey of investments completed, in hand and planned as at January 1, 1958. The full results of this survey were published in a report tracing the development of capital expenditure and production capacity since 1952, and setting forth the forecasts made by the enterprises for the coming years <sup>1)</sup>

These results confirm what the first analysis of the figures seemed to suggest: *capital expenditure in all the Community industries reached a record level in 1957*, while the forecasts for 1958 are somewhat lower than those drawn up a year earlier for 1957.

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<sup>1)</sup> See *Les investissements dans les industries du charbon et de l'acier dans la Communauté*, a report on the 1958 survey, Publications Department of the European Communities, August 1958.

It is true that forecasts made on January 1 for the coming year and the year after do not give an accurate indication as to the capital schemes which will actually be completed by the end of each year. Forecasts for two years ahead are always incomplete, while those for the coming year are nearly always on the high side. Thus, in the coalmining industry, actual annual expenditure during each of the years 1954-57 averaged only approximately 80% of the forecast made at the beginning of each year, while in the iron and steel industry it amounted for the four years to 73%, 80%, 87% and 89% respectively. This disparity is due principally to the fact that the forecasts cover capital schemes in hand (which are practically certain to be completed), schemes decided upon (on which the enterprises may always have second thoughts) and schemes merely planned. In the iron and steel industry projects of this last type are so problematical that they had to be omitted from the figures published in the annual survey and the table following

(\$ '000,000)

Industry	Actual expenditure as per accounts at January 1, 1958						Estimated expenditure as at January 1, 1958	
	1952	1953	1954	1955	1956	1957	1958	1959
Coalmining industry	505	489 <sup>1)</sup>	450	416	409 <sup>1)</sup>	484	597	482
Iron-ore mines	29	28	30	31	44 <sup>1)</sup>	48	54	45
Iron and steel industry	545	542	453	524	570 <sup>1)</sup>	710	665 <sup>2)</sup>	421 <sup>2)</sup>
Total	1 079	1 059 <sup>1)</sup>	933	971	1 023 <sup>1)</sup>	1 242	1 316	948

<sup>1)</sup> Corrections made to figures in the Sixth General Report

<sup>2)</sup> Expenditure only for projects in hand or approved as at January 1, 1958

133 *Coalmining industry.* — The report on the 1958 survey gives the following breakdown by sectors of actual and estimated expenditure on capital schemes as at January 1, 1958

Sector	(S '000,000)							
	Actual expenditure as per accounts at January 1, 1958							Estimated expenditure as at January 1, 1958
	1952	1953	1954	1955	1956	1957	1958	1959
Pits	261	255 <sup>1)</sup>	242	257	249	289	343	297
Coking-plants, mine- owned and independent	97	108 <sup>1)</sup>	87	64	57 <sup>1)</sup>	72	97	69
Hard-coal briquetting- plants	3	5 <sup>1)</sup>	4	7	4	5	8	7
Pithead power-stations and other generating plant	135	114 <sup>1)</sup>	112	80	94 <sup>1)</sup>	115	144	105
Plants producing BKB and low-temperature brown-coal coke	9	7	5	8	5	3	5	4
Total	505	489	450	416	409 <sup>1)</sup>	484	597	482

<sup>1)</sup> Corrected figures

134 In the *pits*, capital expenditure, which between 1952 and 1956 averaged 250 million dollars annually, rose to 289 million dollars in 1957, this level will probably not be maintained in 1958

On the basis of the capital schemes declared as at January 1, 1958, theoretical production potential, including that of small mines, is expected to go up from 262 3 million metric tons in 1957 to only 272 million in 1960, after the necessary corrections have been made to the figures given for certain coalfields. The forecasts take into account the potential of the various parts of the pit (underground, surface, washeries) and foreseeable manpower resources for the years concerned. The figures show that, in the long term, production potential will rise less steeply than foreseeable requirements. An increase in production capacity is essential. This will necessitate in particular the sinking of new pits and is an objective on which the producers should continue to concentrate their attention in spite of the marketing difficulties prevailing today.

135. Whereas capital expenditure in the Community *coking-plants* (mine-owned and independent) had reached an

average of 97 million dollars a year for the years 1952-54, it fell in 1955 and 1956 to 64 and 57 million dollars respectively. In 1957 it rose again to 72 million dollars, and the figure for 1958, when finally known, is also likely to be fairly high. A similar trend can be observed if, in order to give an overall picture of the carbonization sector, we compare expenditure on steelworks-owned coking-plants with the previous figures.

### Capital expenditure on coking-plants

(\$ '000,000)

Type of coking-plant	Actual expenditure as per accounts on January 1, 1958						Estimated expenditure as at January 1, 1958	
	1952	1953	1954	1955	1956	1957	1958	1959
Mine-owned and independent	96.9	107.6	87.3	64.5	57.3	72.4	97.1	69.1
Steelworks-owned	22.0	22.2	18.0	19.9	22.3	27.3	30.0 <sup>1)</sup>	31.9 <sup>1)</sup>
All plants	118.9	129.8	105.3	84.4	79.6	99.7	127.1	101.0

<sup>1)</sup> Including expenditure merely planned

Theoretical coke production potential may be expected to go up from 80.5 million metric tons in 1957, of which 26.3% came from the steelworks-owned coking-plants, to 90.1 million in 1960, of which 28% will come from the steelworks-owned coking-plants.

136 Capital expenditure on *pithead power-stations*, which showed a considerable downturn in 1955, subsequently picked up again until in 1957 the figures were higher than those for any of the years from 1953 to 1956. There is a general tendency in favour of installing large generating sets fed from a single boiler.

In 1957, as in 1956, *pithead power-stations* (exclusive of those run on brown coal) accounted for 13.4% of the electric current produced in the Community. In 1960, the proportion should be more than 15%.



Despite the considerable increase in the production of all forms of electricity scheduled for that date. This expansion by the pithead power-stations consuming secondary fuels is in line with the desiderata set forth in the General Objectives

137 *Iron-ore mines.* — Capital expenditure has been increasing steadily, particularly in respect of ore preparation. It seems likely, however, that the upward trend will be interrupted. The most recent forecasts for 1958, drawn up at the beginning of the year, are appreciably lower than those drawn up at the beginning of the previous year for 1957

(\$ '000,000)

Installation	Actual expenditure as per accounts at January 1, 1958						Estimated expenditure as at January 1, 1958	
	1952	1953	1954	1955	1956	1957	1958	1959
Mining of ore		14.2	14.8	16.3	22.3	26.8	33.3	26.0
Preparation of ore at mine		5.7	7.3	5.9	10.6	10.9	8.9	9.2
Various surface installa- tions		7.8	7.4	8.5	11.0	10.1	11.4	10.0
Total	29.4	27.7	29.5	30.7	43.9	47.8	53.6	45.2

Crude-ore production potential, which stood at 92.1 million metric tons in 1957, is expected to have gone up to 97.7 million in 1958 and to reach 105.2 million in 1960.

138. *Iron and steel industry.* — In 1957 annual capital expenditure in the iron and steel industry increased at a rate unequalled since the introduction of the Common Market, the total amount invested in 1957 coming to well over 700 million dollars. The 1958 survey, however, indicates that in all sectors of the industry the figures forecast on January 1, 1958, for 1958 are below those forecast on January 1, 1957, for 1957, particularly in the case of the rolling-mills and the ancillary and auxiliary installations

(\$ '000,000)

Plant	Actual expenditure as per accounts at January 1, 1958								Estimated expenditure projects started and approved as at January 1, 1958
	1952	1953	1954	1955	1956	1957	1958	1959	
Plant for production of pig-iron <sup>1)</sup>	83	91	70	83	130	188	224	173	
steel	91	82	44	63	102 <sup>2)</sup>	129	101	58	
rolled products	282	266	265	301	245 <sup>2)</sup>	282	221	114	
Ancillary and auxiliary installations	89	103	75	77	93 <sup>2)</sup>	111	119	76	
Total	545	542	454	524	570 <sup>2)</sup>	710	665	421	

<sup>1)</sup> Including steelworks-owned coking-plants and burden-preparation installations (crushing, screening, sintering)

<sup>2)</sup> Corrected figures

139. Expenditure on plant for *pig-iron production*, which averaged 82 million dollars annually between 1952 and 1955, rose to 130 million in 1956 and 188 million in 1957, while forecasts for 1958 give a figure of 124 million dollars for that year. The increase is particularly noticeable in regard to burden-preparation installations.

(\$ '000,000)

Plant	Actual expenditure as per accounts at January 1, 1958								Estimated expenditure (projects started and approved as at January 1, 1958)
	1952	1953	1954	1955	1956	1957	1958	1959	
Steelworks-owned coking-plants	22	22	18	20	22	27	27	17	
Burden-preparation installations	5	9	12	21	31	57	73	67	
Blast-furnaces	56	60	40	42	77	104	124	89	
Total	83	91	70	83	130	188	224	173	

The increase in pig-iron production potential should amount to more than 4 million metric tons in 1958 and 3 million in 1959, as against an annual average of 2.5 million from 1955 to 1957

140. Capital expenditure on *steelworks* amounted to 102 million dollars in 1956 and 129 million in 1957. The 1958 survey suggests a fairly considerable decline in expenditure during that year, except perhaps in the case of basic Bessemer works

(\$ '000,000)

Category of steelworks	Actual expenditure as per accounts at January 1, 1958						Estimated expenditure (projects started and approved as at January 1, 1958)	
	1952	1953	1954	1955	1956	1957	1958	1959
Basic Bessemer			14	17	23	45	51	30
Open-hearth			20	31	54	52	30	16
Electric furnace			10	15	17	17	11	7
L/D, Rotor and others					8	15	9	5
Total	91	82	44	63	102	129	101	58

141. Capital expenditure on *rolling-mills*, after falling to 245 million dollars in 1956, was back in 1957 to the high level of previous years, with 282 million. Except in the case of heavy and medium-product mills, the 1958 figures are likely to show a substantial decline. The latest forecasts indicate an overall total of 221 million dollars

The share of flat products in total production potential for rolled products will continue to increase, rising from 43.4% in 1957 to 46.1% in 1962

The proportion of products of different types rolled on continuous and semi-continuous mills may also be expected to rise, from 42% in 1957 to 48% in 1961, by which date it will be up to 93% for cold-rolled sheet, 76% for hoop and strip and tube strip, 74% for wire-rod and 58% for plate

142. *Comparison between production considered attainable by 1960 and corresponding requirements* — The following table compares the General Objectives laid down by the High Authority <sup>1)</sup> with the production level considered to be attainable by 1960, allowing for foreseeable manpower resources at that date and assuming 96% utilization of theoretical production capacity.

Product	'000,000 metric tons	
	Production considered possible in 1960 on the basis of capital schemes declared by January 1, 1958	Requirements stated in the General Objectives incl exports
Hard coal	261 <sup>1)</sup>	306
Coke	86.5	87
Ore (Fe content)	29	47
Pig-iron	55	58
Crude steel	71	73.5

<sup>1)</sup> Including small pits

Comparison of these figures shows clearly that hard-coal and iron-ore production potential falls well short of the requirements forecast for 1960. The difference for the other branches of production is inconsiderable, particularly in the case of the coking-plants.

If we compare the figures for production considered attainable by 1960 with those given in the 1957 survey, they will be seen to be somewhat lower in practically every sector. It is impossible to state with accuracy to what extent this is due to the shrinkage in markets which first set in during the winter of 1957-58. It is nevertheless interesting to note that the forecasts of pig-iron production capacity for 1960 show no decrease, while the figures available with regard to the production of sintered ore indicate that the level attainable by 1960 is expected to be 5% higher than was forecast in 1957.

143. *Specific capital expenditure* — Here, as in the Sixth General Report, it seems worth while to relate specific capital expenditure in the main Community industries, as shown in

<sup>1)</sup> See *Fifth General Report of the High Authority*, April 1957 (Nos 311-314).

the annual investment surveys, to actual production by those industries. This has been done for

- a) the coalmining industry (pits);
- b) the carbonization sector (mine-owned, steelworks-owned and independent coking-plants),
- c) the iron-ore industry (ore extraction and preparation at the mines);
- d) pig-iron production (blast-furnaces and burden preparation);
- e) crude-steel production (steelworks proper),
- f) production of rolled products (rolling-mills and ancillary plant).

On this basis, specific expenditure per metric ton produced works out as follows : <sup>1)</sup>

Product	(\$ per metric ton produced)							
	Germany (fed Rep.)	Saar	France	Belgium	Italy	Luxembourg	Netherlands	Community
<i>Coal</i>								
average 1953-57	0 83	0 91	1 47	1 33	1 84	—	1 11	1 06
1957	0 97	1 28	1 39	1 57	1 57	—	1 12	1 17
<i>Coke (all types of coking-plant)</i>								
average 1953-57	0 93	1 82	3 65	1 23 <sup>1)</sup>	1 19	—	<sup>1)</sup>	1 46
1957	0 93	3 07	1 99	0 85 <sup>1)</sup>	2 36	—	<sup>1)</sup>	1 29
<i>Iron ore</i>								
average 1953-57	0 48	—	0 47	0 07	1 74	0 15	—	0 48
1957	0 45	—	0 59	0 29	1 11	0 22	—	0 55
<i>Pig-iron</i>								
average 1953-57	2 27	0 88	2 82	2 08	1 63	2 57	4 75	2 33
1957	3 14	1 47	5 04	3 08	2 67	2 18	12 07	3 56
<i>Crude steel</i>								
average 1953-57	2 06	0 94	1 44	1 06	1 45	1 44	3 67	1 66
1957	2 56	1 79	1 48	1 83	1 53	2 89	6 49	2 17
<i>Rolled products</i>								
average 1953-57	9 73	6 31	7 69	3 74	10 00	3 78	6 99	7 88
1957	6 30	7 65	7 91	3 80	10 04	3 59	12 62	6 88

<sup>1)</sup> Coke figures for Belgium and the Netherlands have been amalgamated

<sup>1)</sup> For further details, see *Statistical Annex*, Tables Nos 40-45.

144. For purposes of evaluation, these figures have to be treated with some reserve. The sectors in which the products have been grouped are not completely homogeneous in the case of rolled products, for example, some Community countries tend to specialize more than others in mass-production articles of small unit value. Specific expenditure calculated in relation to tonnage produced is therefore not the same as specific expenditure calculated in relation to turnover.

The five-year period covered is not long enough to eliminate the effects of market forces on heavy industries such as those of coal and steel. The amount of plant and equipment and the degree of utilization at the beginning of the period varied considerably from country to country. These factors markedly affected development costs in the different countries, but the statistics do not allow of a distinction to be drawn between reconstructions, modernizations and genuine extensions.

The fact that general economic circumstances develop independently in each country is a further possible source of error, as it means among other things that the official rates of exchange are often unrealistic and that the cost of plant and equipment is different in every case.

These general considerations do not, however, entirely account for the magnitude of the disparities observable in each sector between one Community country and another.

145. In the Community *coalmining industry* (pits only), capital expenditure, which during the period 1953-56 had remained between 1.00 and 1.08 dollars per metric ton produced, in 1957 went up to 1.17 dollars, in spite of a considerable increase in production.

The rise is particularly marked in Germany (including the Saar), and is likely to become even more so in the course of the next few years if the schemes declared in the Saar and the Ruhr are carried through. Specific expenditure in these areas continues nevertheless appreciably below the Community average. In Lorraine and the Campine, on the other hand, the figures remain high.

146 Annual capital expenditure on *coking-plants* (mine-owned, steel-works-owned and independent) per metric ton of coke produced showed an increase in Germany (including the Saar) and in Italy. The major investment drive which has been in progress in France during the past few years is showing signs of slackening, although the volume of operations there is still above the Community average.

147 As in previous years, expenditure on the extraction of *iron ore* and its preparation at the mines remained for most orefields in the region of 0.5 dollar per metric ton mined. Figures well above this average were recorded for the relatively small orefields of Italy, Siegerland and the French Centre/Midi, in the Luxembourg field, on the other hand, expenditure on the actual mine installations was comparatively small.

148 In the *iron and steel industry*, specific expenditure practically everywhere shows an increase in respect of pig-iron and crude-steel production, but is in many cases lower than before in the rolled-products sector.

The increase in 1957 over the 1953-57 average in the pig-iron sector (blast-furnaces and burden preparation) was more than 50% for the Community as a whole, special attention may be drawn to the rates recorded for the Netherlands and France. The large-scale projects carried through in this sector have done something to relieve the High Authority's frequently-expressed anxiety over the development of the ratio of pig-iron to crude-steel production potential.

At the same time, the upward trend in specific capital expenditure on crude-steel production also continued in 1957, with an increase of over 30% on the Community average for 1953-57. The most outstanding national increases were in the Netherlands, Luxembourg and Germany.

The present rapid technical progress is involving all the enterprises in very heavy capital expenditure on rolling-mills and ancillary plant. The Community average for the years 1953-57 was almost 8 dollars per metric ton of rolled products produced. The completion of a number of large capital schemes did, however, enable the German enterprises to relax their efforts slightly, while expenditure in the Belgian and Luxembourg industries continued relatively low. Only in the Netherlands is a rapid and sustained increase still in progress.

## DECLARATION OF CAPITAL SCHEMES

149. Two High Authority decisions<sup>1</sup>, taken under Article 54 of the Treaty make it compulsory for enterprises to declare, not less than three months prior to the conclusion of the first contracts or the commencement of operations, all investment projects relating to

- a) entirely new plant where the total estimated expenditure exceeds 500,000 dollar units of account;
- b) replacement or conversion of existing plant where the total estimated expenditure exceeds 1,000,000 dollar units of account; and
- c) construction of or alterations to steelmaking furnaces and hot-blast cupolas irrespective of the estimated expenditure

Whereas the replies to the annual investment survey questionnaire cover both projects already decided upon and projects merely planned, compulsory declarations are required only in respect of a proportion of the projects decided upon, no conditions being imposed on the enterprises as to the structure of the schemes or the date of their completion. Obviously, therefore, the forecasts based on the survey and the figures calculated from the declarations cannot be expected to coincide. As, however, declarations are submitted at all times of the year, they do serve either to confirm or to negative the intentions expressed by the heads of the enterprises in response to the survey questionnaire of January 1

In this connection, the high total value of the declarations received in 1958 seems to indicate that *the reserve shown by heads of enterprises at the beginning of the year became somewhat less marked during subsequent months*. Declarations during the first half-year exceeded in value those for all previous half-years, while so far only a very few declarations previously made have been cancelled, or even scaled down in size

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<sup>1</sup>) See Decisions No 27/55, of July 20, 1955, *Official Gazette of the Community*, July 26, 1955, and No 26/56 of July 11, 1956, *Official Gazette of the Community*, July 19, 1956



150 Between January 1, 1956, and December 31, 1958, 320 declarations in all, relating to 490 capital schemes, were submitted to the High Authority

Six-month period	Declarations	Projects
1st six months, 1956	73	109
2nd six months, 1956	50	100
1st six months, 1957	57	82
2nd six months, 1957	44	49
1st six months, 1958	61	95
2nd six months, 1958	35	55
Total	320	490

The overall value of the projects declared had fallen from 852 million dollars in 1956 to 454 million in 1957, but rose again to 677 million in 1958. In view of the length of time which investment projects take to complete, particularly in the coalmining industry, it will probably be several years before the effect of these fluctuations noted in the declarations is reflected in the actual expenditure and the rate of increase in production capacity. The essential point remains that the industrialists are giving proof today of their faith in the future, whatever temporary setbacks may occur in business activity

(\$ '000,000)

Industry	Amounts involved in projects declared					
	1st six months 1956	2nd six months 1956	1st six months 1957	2nd six months 1957	1st six months 1958	2nd six months 1958
Coalmining industry <sup>2)</sup>	133	72	98	79	229	22
Iron-ore mines	7	2	2	23 <sup>1)</sup>	15	1
Iron and steel industry	243	395	165	87	256	154
Total	383	469	265	189 <sup>1)</sup>	500	177

<sup>1)</sup> Corrected figures

<sup>2)</sup> Including briquetting-plants and plants producing low-temperature brown-coal coke

151 Declarations received during the first six months of 1958 in respect of the *coalmining industry* reached a record level,

particularly as regards schemes coming under the head of "pits" Declarations received during the second six months, on the other hand, were on a comparatively small scale

'\$ '000,000,

Industry	Amounts involved in projects declared					
	1st six months 1956	2nd six months 1956	1st six months 1957	2nd six months 1957	1st six months 1958	2nd six months 1958
Pits	35	14	64	54	162	19
Mine-owned coking-plants	24	42	12	5	17	—
Independent coking-plants	3	2	5	4	— <sup>1)</sup>	—
Pithead power-stations	71	14	16	16	42	2
Hard-coal briquetting-plants	—	—	0.5	—	9	1
Total	133	72	97.5	79	229	22

<sup>1)</sup> Cancellation of project previously declared

The spectacular increase in investments in respect of pits is to be attributed mainly to the operations started by the Houillères du Bassin de Lorraine and the Saarbergwerke following the conclusion of the Warndt Agreement between France and the Federal Republic of Germany on October 27, 1956

Declared expenditure on mine-owned and independent coking-plants barely maintained its 1957 level. As regards the pithead power-stations, one major German scheme declared during the first six months more than counterbalances a certain drop in other areas

Only in the Saar/Lorraine coalfield are the projects declared on a scale likely to affect production capacity to any considerable degree, and then only after a time-lag of a good many years. Projects in respect of coking-plants and pithead power-stations are not likely to give rise to any major increases <sup>1)</sup>

152 Capital expenditure on the *iron-ore mines* varies considerably from one half-year to another. It is all the more difficult to draw conclusions inasmuch as, in this sector, the result of the 500,000 and 1 million dollar minima laid down for compulsory declarations is that a good many modernization schemes are not declarable.

<sup>1)</sup> See *Statistical Annex*, Table No. 46

At all events, it may be noted that the increase in production potential deduced from projects declared during the first six months of 1958 exceeds that deduced from projects declared during previous half-years this satisfactory state of affairs is due mainly to a big mining project which is to be put into operation in Lorraine <sup>1)</sup>

153. In the *iron and steel industry*, the total value of projects declared in 1958 was higher than the figure for 1957, though lower than that for 1956. This is to a great extent accounted for by a new large-scale project for an integrated iron and steel works in a coastal area

(\$ '000,000)

Industry	Amounts involved in projects declared					
	1st six months 1956	2nd six months 1956	1st six months 1957	2nd six months 1957	1st six months 1958	2nd six months 1958
Preparation of burden	9 1	49 4	20 8	16 1	39 5	48 8
Blast-furnaces	55 4	84 0	38 1	15 3	58 7	17 7
Basic Bessemer steelworks	34 5	17 1	12 7	0 9	13 1	2 1
Open-heart steelworks	22 2	35 6	0 9	—7 4 <sup>1)</sup>	8 5	1 7
L/D and similar processes	—	—	9 0	2 9	16 3	2 4
Electric-furnace and other steelworks	6 0	19 4	3 1	3 3	4 0	2 0
Rolling-mills	78 2	95 9	37 0	45 9	71 8	43 5
Galvanizing, tinning, etc	4 8	9 9	6 5	—3 8 <sup>1)</sup>	8 6	—
Steelworks-owned coking-plants	19 7	21 7	9 7	9 7	4 7	3 3
Steelworks-owned generating plant	7 3	15 9	15 0	1 6	5 8	9 5
Miscellaneous	5 4	46 1	12 2	2 0	25 0	22 8
Total	242 6	395 0	165 0	86 5	256 0	153 8

<sup>1)</sup> Corrections to projects previously declared

A considerable number of the projects declared in 1958 were designed to increase pig-iron production a point particularly worth noting is the steady increase in capital expenditure on burden preparation and sintering

In the steelworks sector the focus was on the new oxygen-converter steelworking processes (L/D, Rotor and similar plants), while there was a certain falling-off in regard to open-hearth and electric-furnace steelworks

<sup>1)</sup> See *Statistical Annex*, Table No 46

155 Under Decisions No. 27/55 and No. 26/56, the High Authority in 1958 issued 27 opinions over and above the 77 opinions issued in all in previous years

Of eight opinions issued in connection with the coal-mining industry, most were approvals of projects for stepping up coal production, the expected trend in which the High Authority still regards as falling seriously short of requirements, notwithstanding the present marketing difficulties. The other opinions related to projects for the valorization of coal by building pithead power-stations using low-grade fuels, and a coking-plant using grades of coal other than the usual coking fines.

In view of the deficit forecast in respect of the Community's iron-ore supply, the High Authority also gave its blessing to three projects for increasing production in various orefields.

In the iron and steel industry, seven favourable opinions were issued approving projects in line with the Community's General Objectives, variously concerned to improve blast-furnace burdens, to bring about a substantial increase in pig-iron production, and to develop new processes whereby it will be possible to produce quality steels using only small amounts of scrap.

The last nine opinions drew the attention of the declaring enterprises to the disadvantages which would be involved for the Community if they were to install steelworks entailing increased consumption of bought scrap. It is worth noting that projects of this kind were fewer in number than in 1957, and that the promoters were in many cases able to start various operations to counterbalance their additional scrap requirements, either by increasing their pig-iron production capacity or by cutting down scrap consumption in other plants belonging to their group. Some of the enterprises which had finally to be given unfavourable opinions then began to plan alterations to the projects objected to.

The use made by the High Authority of the means open to it under Decisions No 27 55 and 26 56 has undoubtedly had quite a lot to do with the slow steady expansion in coal and ore production capacity, and also with the reduction of the scrap deficit forecast

#### FINANCING OF INVESTMENT

156 Article 54 of the Treaty admittedly allows the High Authority more effective means of action still. The first paragraph of that article empowers it “ to facilitate the carrying-out of investment programmes by granting loans to enterprises or by giving its guarantee to other loans which they obtain ”

Action of this kind may also be taken to assist re-adaptation schemes under Section 23 of the Convention containing the Transitional Provisions. The first *guarantee* operation carried out by the High Authority since the introduction of the Common Market was made in implementation of these provisions . in order to facilitate the productive re-employment of workers in the Italian iron and steel industry, the High Authority made a financial contribution towards the installation of a new rolling-mill for special sections.

As regards extension and modernization of plant already in operation, the High Authority furnished no guarantees in 1958, although a number of applications are still under examination. On the other hand, it considerably increased its *loans* to industry.

Since it was first installed, the High Authority has contracted in all ten long-term and medium-term loans to a total amount of 215.8 million dollars.<sup>1)</sup> All these loans are secured under the Act of Pledge concluded with the Bank for International Settlements, which holds in common pledge, as security for all lenders to the High Authority, the evidence

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<sup>1)</sup> For further details, see *Annex on Finance*, No 8.

of indebtedness received by the High Authority from its debtors together with the securities therefor

As required by Article 51 of the Treaty, the funds obtained by borrowing were used to grant loans. The proceeds of the four loans floated or contracted outside the Community, totalling 196 65 million dollars, were earmarked for loans to assist the industries in financing schemes for enlarging or modernizing existing plant.

157 The most recent loan was contracted on June 24, 1958, with a syndicate of banks in New York, under the leadership of Kuhn, Loeb and Co., The First Boston Corporation and Lazard Frères and Co. The proceeds of the loan, 50 million dollars, were made available to the High Authority on July 2 as follows : \$35,000,000 in 5% Secured Notes with a lifetime of 20 years at par, \$15,000,000 in 4½% Bearer Bonds with a lifetime of 3,4 or 5 years at par

Like its predecessor, the High Authority's second public issue on the American market was sold out on the first day of offering. The terms secured were an improvement on those obtained in April 1957, *viz.*

- a) higher total amount (50 million dollars as against 35 million),
- b) longer life (20 years as against 18), and
- c) lower effective rate of interest (for the Notes 5.24% as against 5 5%; and for the Bonds 4 6% as against 5%).

From applications for loans involving in all as much as 300 million dollars, the High Authority selected those projects which it considered to be most in line with the General Objectives. It decided to grant 25 loans with a lifetime of 20 years, to a total of 45 million dollars and three loans with a lifetime of five years, to a total of 5 million dollars. Two enterprises were granted both long-term and medium-term loans

Of the amounts lent, 28 million dollars went to the coalmining industry — 3 million to the iron-ore industry — and 19 million to the iron and steel industry. The applications approved included in particular projects designed

- a) to increase coal and iron-ore production within a satisfactorily short time,
- b) to increase pig-iron production, especially in the coastal works;
- c) to improve ore preparation and beneficiation (reduction and sintering plant attached to steelworks).

German enterprises received loans totalling 28 million dollars, French enterprises 13.5 million and Italian enterprises 8.5 million

The following enterprises were granted loans :

Bochumer Verein für Gusstahlfabrikation AG., Bochum  
Charbonnages de France, Paris  
Cornigliano SpA, Genoa  
Bergbau AG Ewald-König Ludwig, Herten, Westphalia  
Steinkohlenbergwerk Friedrich der Grosse, Herne  
Gelsenkirchener Bergwerke AG, Essen  
Harpener Bergbau AG, Dortmund  
Ilva Altissimi Forni e Acciaierie d'Italia, Genoa  
Klockner Werke AG, Duisburg  
Markische Steinkohlengewerkschaft, Heessen, Westphalia  
Hüttenwerk Oberhausen AG., Oberhausen  
Rennanlage Rhein-Ruhr, Essen <sup>1)</sup>  
Ruhrstahl AG., Hattingen  
Erzbergbau Salzgitte AG., Salzgitte-Bad  
Société Dunkerquoise de Sidérurgie, Paris  
Steinkohlenbergwerke Mathias Stinnes AG, Essen  
Gebr. Stumm GmbH, Brambauer, Westphalia  
Bergwerksgesellschaft Walsum mbH, Walsum

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<sup>1)</sup> This loan was granted through the following nine member companies of the Rennanlage Rhein-Ruhr: Bochumer Verein für Gusstahlfabrikation, Deutsche Edelstahlwerke, Eschweiler Bergwerksverein, Felten und Guillaume Carlswerk Eisen und Stahl AG, Gebr. Bohler und Co AG., Gusstahlwerk Witten AG, Hessische Berg- und Hüttenwerke AG, Hütten und Bergwerke Rheinhausen AG, Stahlwerke Südwestfalen AG

Following the procedure adopted in connection with previous loan and credit operations, the proceeds of its borrowings were re-lent by the High Authority at cost, with no additional charges but those required to cover the initial issuing costs and the loan service charges. The sum of 45 million dollars has thus been lent for a period of 20 years at the rate of  $5\frac{5}{8}\%$  and the sum of 5 million dollars for a period of 5 years at  $5\%$ .

158 At about the same time as the High Authority granted these loans, it had to examine the case of an enterprise which had received a loan out of the proceeds of the 1957 American issue, but was no longer able to put its scheme into operation on the terms agreed at the time. Under the prepayment clause in the loan agreement, the company repaid the sum borrowed, which was then re-lent to enterprises in the same country on the original terms, amended merely to allow for the period of time which had already elapsed.

159 Following the operations carried out in 1958, the loans granted by the High Authority from the proceeds of its borrowings in the United States (100+35+50 million dollars) and in Switzerland (50 million francs = 11.65 million dollars) were allocated as follows :



\$ 500,000

Plant or mine	1st American loan	2nd American loan	3rd American loan	Total
<i>Coalmining industry</i>				
New pits and shafts	10 40	17 00	6 00	33 40
Concentration of pits	2 53	4 00	7 00	13 53
Modernization and extension of pits (incl washeries and coal-preparation plant)	15 51	—	—	15 51
Coking-plants	6 35	—	—	6 35
Pithead power-stations	46 31	—	—	46 31
Miscellaneous	0 35	—	—	0 35
Total	81 45	24 00	23 00	133 45
<i>Iron-ore mines</i>				
New iron-ore mines	8 15	0 30	3 00	11 45
Modernization and extension (of which ore-preparation plant)	10 40	—	—	10 40
Total	18 55	0 30	3 00	21 85
<i>Iron and steel industry</i>				
Blast-furnaces and ancillary plant	—	6 99	5 70	12 69
Sintering and burden-preparation plant	—	2 42	4 00	6 42
Steelworks-owned coking-plants	—	1 70	—	1 70
Steelworks	—	0 54	—	0 54
Miscellaneous (workers' housing)	—	—	1 00	1 00
Total	—	11 65	10 70	22 35
Grand total	100 00	35 95	36 70	172 65

The table following shows the extent to which each country and each industrial sector has benefited from the High Authority's borrowing operations

(\$ '000,000 and %)

Country	Coalmining industry	Iron-ore mines	Iron and steel industry	Total
Germany (Fed Rep )	82 05 (42%)	7 55 (3 5%)	19 20 (10%)	108 80 (55 5%)
Saar	10 40 (5 5%)	— —	1 16 (0 5%)	11 56 (6%)
Belgium/				
Luxembourg	14 00 (7%)	1 00 (0 5%)	— —	15 00 (7 5%)
France	27 00 (13 5%)	7 60 (4%)	0 50 (0 5%)	35 10 (18%)
Italy	— —	5 70 (3%)	20 49 (10%)	26 19 (13%)
Community	133 45 (68%)	21 85 (11%)	41 35 (21%)	196 65 (100%)

It should be noted in this connection that the granting of direct loans from borrowed funds is not the High Authority's only means of contributing to the financing of capital schemes. While keeping the funds sufficiently liquid for its requirements, the High Authority has followed a policy of investing its assets in the different Community countries, thus enabling the banks in these countries to grant, on their own responsibility, medium-term credits for financing capital schemes in the coalmining and iron and steel industries <sup>1)</sup>

## Section 2 — Technical and Economic Research

160. The policy of the High Authority regarding technical and economic research has not changed since the last General Report.

However, the latest research projects submitted to the High Authority have shown the importance which questions concerning the use of patents arising from research can assume.

The High Authority is anxious to establish rules to govern the use of these patents such as will satisfy the pro-

<sup>1)</sup> See also the High Authority's Financial Reports and general statements on the finances of the Community

visions of Article 55 of the Treaty, while at the same time maintaining at a sufficiently high level the encouragement which it proposes to give to research

The year 1958 was characterized by increased interest in the fields of both mining and iron and steel research. In consequence, the High Authority's financial aid has been sought in connection with several new research projects.

### COAL

161 *The High Authority's 1957 competition for the improvement of safety apparatus in coalmines.* — The following types of apparatus formed the subject of the competition

- a) portable firedamp-measuring equipment.
- b) portable "alarm" equipment indicating when the maximum permissible percentage of firedamp is present in the air,
- c) portable "alarm" equipment indicating when the oxygen of the air has dropped to the minimum permissible percentage;
- d) carbon-monoxide indicators.
- e) self-rescue equipment affording full protection against poisonous gases and shortage of oxygen for at least one hour

Details of the competition were published in July 1957

Of a total of 177 requests for information received up to November 15, 1958, 46 interested persons declared themselves willing to participate in the competition by developing a prototype of one of the types of apparatus forming the subject of the competition, *viz* 15 for the portable firedamp-measuring equipment, 6 for the portable "alarm" equipment indicating when the maximum permissible percentage of firedamp is present in the air, 7 for the portable "alarm" equipment indicating when the oxygen of the air has dropped to the minimum permissible percentage, 11 for the carbon-monoxide indicators, and 7 for the self-rescue equipment affording full protection against poisonous gases and shortage of oxygen for at least one hour. The results of the research are to be submitted to the competition jury before September 1, 1959, in the form of a prototype apparatus

162. *High Authority financial aid for mining research.* — At its meeting of September 3, 1958, the High Authority decided, after consulting the Consultative Committee and with the agreement of the Special Council of Ministers, to allocate the

following amounts by virtue of Article 55,2,c, of the Treaty, this being the first occasion when such aid is granted to mining research

- 1) 850,000 E.M A units of account for research with a view to the development of a universal roadway tunnelling machine,
- 2) 1,668,800 E.M A units of account for research concerning the effects of strata pressure on underground workings;
- 3) 545,900 E.M A units of account for research concerning sudden outbursts in coalmines.

163. *Research on the development of a roadway tunnelling machine* — As already indicated in the Sixth General Report, financial aid for the development of a universal roadway tunnelling machine will be granted both to the Steinkohlenbergbauverein in Essen and to the Charbonnages de France. Both projects relate to an adaptation of the Bohrwolf machine, made by the firm of Bade near Hanover, for tunnelling roadways in hard and extra-hard carboniferous rock, the diameter of the roadways being 3.70 m in the tests to be carried out in the Ruhr coalfield and 4 m in the case of the tests in the Lorraine coalfield. This machine, equipped with a drill-head fitted with roller bits, had only been used hitherto for tunnelling roadways up to a diameter of 1.50 m in hard carboniferous sandstone. The experience acquired with these machines, together with that obtained with a machine of larger diameter for tunnelling in the softer rock of potash mines, will serve for the design of new machines.

The tests, which will probably continue for one or two years, should show the economic and other advantages to be derived by the coalmines of the Community from the use of a universal machine of this type for tunnelling roadways, even in hard strata.

164. *Strata pressure research* — The four coal-producing countries of the Community — Germany, Belgium, France and the Netherlands — have submitted requests for financial aid to the High Authority with a view to joint and simultaneous research into the effects of strata pressure on gate-roads and the adjoining faces.

Gate-roads driven in the seam serve for proving the deposits (retreating working) or else they advance with the faces for purposes of ventilation, movement and transport. Strata movements caused by

coal-winning in the faces lead to a concentration of pressure on gate-road supports, resulting in costly maintenance work. The long-term output of a face is partly governed by the state of its gate-roads, which must retain a suitable cross-section throughout the working life of the district. Apart from heavy maintenance costs, the effects of poor roadway upkeep are manifold, *e.g.* danger of accidents from roof and stone falls, danger of firedamp accumulations due to the reduction of the ventilation current, loss of output due to difficulties in transporting coal, materials, stowing waste etc.

Gate-road maintenance depends on a large number of factors, some of these being natural, *viz.* depth, the nature of the coal and the surrounding strata, faulting, etc., while others are connected with actual mining, *viz.* the type and shape of the supports, whether the surrounding strata are or are not ripped, the waste packs, the rate of advance of the face, the use of the advancing or retreating system of working, whether the goaf is stowed or caved, etc.

The object of the research is to be able to compare these factors and to establish their effect on the upkeep of the roadway, drivage, maintenance and recovery costs, the cross-section to be maintained during the working life of the district, safety and ventilation.

The problem as a whole can, therefore, only be solved by carrying out multiple investigations and tests in districts which, as far as possible, represent all geological and technical conditions. For this purpose they will cover the most characteristic coalfields of the four countries. The research will be supplemented by a laboratory investigation into the characteristics of the strata encountered in the roads where the tests were carried out.

The proposed research must lead to the replacement of present rule-of-thumb methods by precise data based, if possible, on strict methods of calculation, so that the type of support giving optimum technical and economic results can be chosen for each particular case.

The research planned in the four countries will be undertaken in a manner ensuring close liaison, so that the persons engaged on research in one country will be informed as soon as possible of the results obtained and observations made in the other countries.

In view of the importance of the investigation and the large number of tests to be carried out, the research will extend over a period of four years.

Apart from these investigations, for which the High Authority is to provide financial aid, the four countries will supplement this research by a study of strata pressure at the face without asking for credits from the High Authority. The estimated cost of the latter investigations will be approximately the same as the financial aid requested.

165      The proposed fields of research and the financial aid granted in each country are as follows

*Germany* — Measurements of stresses on the whole roadway cross-section by means of experimental hydraulic supports. Measurement of stresses developed in the surrounding strata and the roadway walls by means of boreholes

Financial aid granted for the four-year period 640,000 E.M.A. units of account

*Belgium* — Tests on strata convergence and bed separation will be carried out with conventional friction props. Pressure measurements in shotholes drilled in the surrounding rock. Laboratory determination of the mechanical properties of rocks

Financial aid granted for the four-year period 120,000 E.M.A. units of account

*France* — As in Belgium, the tests will be carried out with conventional friction props. Pressure investigations will be supplemented by measurements of the relative displacements of the surrounding strata by varying the positions and the extraction factors of adjacent faces and studying the effect of "self-advancing" supports. Laboratory investigations of rock samples taken from the roadways

Financial aid granted for the four-year period 642,500 E.M.A. units of account

*Netherlands* — An investigation of roadway upkeep and the effect of adjacent faces by means of experimental hydraulic supports. Laboratory investigations of the mechanical properties of rocks. A comparative study of measuring instruments for determining the load-bearing capacity of roadway supports

Financial aid granted for the four-year period 266,300 E.M.A. units of account

166.      *Research on sudden outbursts* — The systematic investigation of sudden outbursts forms the subject of a research project which will be carried out in Belgium and France, the two countries where this phenomenon is most frequent. Recording and closer control of sudden outbursts represent a vital problem from the viewpoint of safety in mines, particularly in the coalfields of Southern France and Belgium.

Sudden outbursts in roadways and faces take the form of outbursts of firedamp or CO<sub>2</sub> in amounts which may be as much as several hundred thousand cubic metres or of violent ejections of large volumes of coal, sometimes amounting to hundreds of tons. The suddenness of the outbursts is a very grave source of danger, usually resulting in fatal accidents. The danger of sudden outbursts puts a serious limitation on the profitability of the pits where they occur. Considerable pre-

cautions, depending on the degree of danger, have to be taken, *e.g.* inducer shotfiring accompanied by withdrawal of personnel from the district or from the entire pit, limitation of daily rates of advance, in some cases dispensing with the use of pneumatic picks, etc. The number of outbursts is liable to increase with increasing depth of working.

The object of the research is to find solutions for the general problem of sudden outbursts, as regards both their origin and their prevention

The study of the origin of outbursts will involve an exact analysis of the phenomenon, *i.e.* an inquiry into past incidents, into the location of the outbursts and into the particular circumstances of each case. The measurements to be taken will necessitate the development of measuring apparatus for the following pressure and rate of flow of the gas liberated, pressures and temperatures in the solid, permeability and gas emission of the coal, seismic and acoustic investigations

The search for prevention methods will be principally aimed at replacing inducer shotfiring by preliminary degasification of certain zones achieved by mechanical relief of the strata by means of large boreholes. In order to avoid the danger of accidents during borehole drilling, it will be necessary to design a remote-controlled drilling machine.

Permanent contact will be assured between the research projects in Belgium and France, so that the persons engaged on research will be kept informed of one another's work and the results obtained

The research work is expected to continue for three years

The financial aid granted by the High Authority for research on sudden outbursts will be distributed between the two countries as follows: Belgium, 200,000 E.M.A. units of account, France, 345,000 E.M.A. units of account.

These three research projects relate to subjects listed in the General Objectives of the Community <sup>1)</sup>

The progress of the different research projects will be followed regularly by a committee on which both the coal-producing countries of the Community and the High Authority will be represented

The results of the investigations will be published in full in the mining journals and will be placed at the disposal of all coalmining circles in the Community

167. *The International Committee of Mining Experts* has continued its study of new techniques in process of development by on-the-spot visits

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<sup>1)</sup> See *Fifth General Report of the High Authority*, April 1957, Chapter XV

After its eighth meeting in the Nord/Pas-de-Calais coalfield in February 1958, devoted to the study of the high-speed drivage of cross-cuts and roadways, the Committee met in the United Kingdom in November 1958 to study the possibilities of use of "self-advancing" hydraulic supports at the face

Mechanization of supports is a further stage in the full mechanization of face operations following the mechanization of transport, coal-winning and loading. The hydraulic prop, which is best suited for the mechanization of face supports, has been used in the British coal-mining industry ever since metal supports were first introduced after the Second World War. It enabled the British coal-mining industry to establish a clear lead with regard to "self-advancing" supports over the continental industry where metal friction props were used at the time. In the meantime the countries of the Community have made great progress in the development of "self-advancing" supports, also by using hydraulic power.

Several systems of "self-advancing" supports have been used by the National Coal Board during the last four years. After the introduction of certain improvements this type of support, which is almost automatic, has given excellent results in level seams where the working thickness is fairly constant. Two to four hydraulic props are held by bearing plates against the floor and roof, the upper plate carrying one or two roof bars which are cantilevered towards the coal face. These groups of props are connected to the scraper conveyor by means of a double-acting cylinder which allows the conveyor or group of props to be advanced at will. These movements are effected hydraulically by means of several levers. The hydraulic power is supplied by pumps installed outside the face in the roadways, by means of oil or an emulsion of 5% oil in water at a pressure of about 50 kg/cm<sup>2</sup>. With the "self-advancing" support a team of three is sufficient to cave the goaf and advance the supports and the conveyor along a 200 m-long face.

Apart from noteworthy improvements in the field of supports, the National Coal Board has made advances in other directions in the last few years.

In order to reduce the manpower still required to make stables at the ends of mechanized faces for advancing the coal-getting and transport machines, a method of pulsed-infusion shotfiring has been developed for mining extra-hard coal. This method is rapidly gaining ground, it improves the size of the coal mined and reduces the danger of firedamp explosions and dust formation.

Because of the great hardness of British coal, winning by coal-cutter is the method principally used at the face. In particular, the disc-cutter is increasingly used because of its efficient functioning and



high output. Unfortunately, this machine produces a fairly high percentage of fines. Because of the high demand for large coal and the publicity in its favour it has been necessary to modify several features of this cutter, namely the section and shape of the discs and the arrangement of the picks.

The campaign for large coal has revived the interest in the activated plough, which is far more suited to the winning of hard coal than the ordinary coal plough, while supplying a high percentage of large coal.

The driving of cross-cuts is practised more and more in pits where the same gradient is greater than 10°. It is difficult to find personnel qualified to drive these cross-cuts, stone-drifting having been rarely practised hitherto. The Central Engineering Establishment at Bretby hopes to have found a solution to this problem by designing a tunnelling machine for roadways in stone which has a diameter of 6 m. and an overall rating of over 800 hp. A full-scale wooden model of the machine was shown, but the final development will require a further two years at least.

The Committee also visited the new colliery under construction at Lea Hall, north of Birmingham. The two shafts, about 8 m. in diameter, will each be equipped with two winding-engines having a combined winding capacity of 8,000 tons per day. Although production will begin in 1959, the planned output will not be attained until 1964-1965. As in continental mining practice, level roads driven through the strata will be used for transport in the horizons.

A power-station of very high output is in process of construction on the river Trent in the immediate vicinity. Its fuel supply will consist of coal fines produced at the new colliery, for this purpose a conveyor-belt is to be installed between the colliery and the power-station.

168. *International Committee on Coking and Coal Valorization* — As a direct corollary of the continual progress made in mining technique proper, the *International Committee on Coking and Coal Valorization*, composed of experts from the various countries of the Community and the United Kingdom in 1958 continued, in pursuance of Article 55 of the Treaty, to encourage technical research concerning the development of coal production and consumption by co-ordinating the work of scientific and industrial bodies and by critical examination of the projects submitted to the High Authority.

In March 1958, the Committee met in select committee to examine the work undertaken by the Netherlands Central Technical Institute on the carbon-pile fuel cell and the two-stage carbonization process developed by the Collins-Humboldt Company

The Committee held its seventh meeting in Belgium in October

169     *The Netherlands Central Technical Institute* presented to the study group formed within the Committee a report on laboratory tests aimed at transforming the chemical energy of fuels into electricity by means of fuel cells which, by reason of a cyclic process, have a much higher efficiency than power-stations

Since similar research is in progress in Germany, contact has been established between the Dutch and German experts in the hope of increasing the number of suggestions made by either side and deriving maximum benefit from the results obtained in the respective investigations

As regards the two-stage carbonization process, the select committee studied its various characteristics which, as a result of preheating the coking blend to a temperature of approximately 300°, warrant expectations not only of an appreciable increase in coke-oven capacity and a marked reduction in coking time, but also of an extension of the range of coking coals

Before starting pilot-scale tests of this process, which has proved profitable, the select committee decided to await the results of similar research carried out in Lorraine at the Marienau Experimental Centre, where pre-drying techniques of a less intensive character, but based on a similar principle, are also being tested

170     The seventh regular meeting was devoted to a visit to two Belgian carbonization and coal-tar industrial aggregates and to the Inichar research station

The trend of Belgian research on coal valorization is guided not only by the fact that the majority of coal enterprises operate at a loss even during boom periods, but above all by the limitation and progressive exhaustion of Belgium's reserves of both high-volatile coal with good coking properties and lean coal and anthracite

In these circumstances, Inichar continued its investigation, begun in 1956, on carbonization in a fluidized bed with a view to producing a powdery coke from clean semi-bituminous and flame coals which could replace the small coke (for which there has been a continually increasing demand in recent years) used in iron-ore sintering installations

Secondly, the lack of demand for semi-bituminous and flame coals and the increasing shortage of lean coal and anthracite have prompted the laboratories of the Inchar research station to resume their investigations on low-temperature carbonization of coal, aimed at producing a high-quality solid fuel (synthetic anthracite), well suited for domestic use, such as could be sold at competitive prices

In addition to this work of an essentially scientific character the Committee took note of work undertaken on the industrial level by two large Belgian coking-plants with regard to the preparation of homogeneous coke blends from coals of widely differing volatile matter contents

These efforts will undoubtedly help to improve the sale of coal in the form of products better suited to market requirements and to solve the problems arising from the increasingly intense competition facing coal from other sources of energy

### STEEL

171      *Research work in hand* is progressing satisfactorily

#### 1) *Research on the Liège Low-Shaft Furnace*

The research work which has been carried out during 1958 on the Liège Low-Shaft Furnace was subsidized by the High Authority to the extent of about 50%. The aim of the research work was to make the plant operate as an experimental blast-furnace in miniature. Some important results have been obtained

a) The first part of the programme consisted of very thorough experiments, the object of which was to throw light on the effect of the driving rate and of high top pressure. In order to cut out the possible effect of the particle-size range of the burden, this series of experiments was carried out with small coke and Lorraine ore, both of which had been well screened (5-25mm)

The driving rate, that is to say the daily consumption of raw coke, was reduced in the ratio of 1 to 0.6. This reduction brought with it a parallel reduction in the coke input rate, in the top gas temperature, and in the output of flue dust, while the rate of indirect reduction also improved

Running the furnace with a high top pressure of 1.5 kg/cm<sup>2</sup> had very definite results. The coke input rate was reduced by 15%, while the rate of indirect reduction rose from 48 to 55%. At the same time, since the output of flue dust had fallen, the melts were well carburized and well desulphurized, and the operation of the furnace proved to be remarkably steady.

The principal result of running with high top pressure is to increase the transit time of the gases in the furnace, and so artificially to step up the operation of the plant to the point where it thus becomes an experimental blast-furnace in miniature

b) The second part of the experiments related to the operation of the furnace on Dwight-Lloyd sinter, with 10-25mm coke

It was necessary to adapt the particle-size range of the sinter to the dimensions of the furnace and to the demands of the heat-exchange conditions. By a process of gradual adaptation it was once again possible to bring to light the decisive effect of the surface area/volume ratio on the kinetics of the reactions between the gases and solids. The coke input rate was improved by about 10%, first of all by cutting out the 0-3mm fraction, and later the particles larger than 30mm in size. This likewise had a beneficial effect on the quality of the pig-iron. At the same time the slag basicity fell from 1.40 to 1.1 (and even to 1.0), as a result of cutting out the limestone fluxes. Despite this very low basicity, the furnace operation was excellent, and further large gains were made in the reduction of the coke consumption, which shows the advantage to be gained from operating the furnace on a 100% sinter burden, and in fact on self-fluxing sinter (the rate of indirect reduction rose from 44 to 52%).

Then a high top pressure of 1.5 kg/cm<sup>2</sup> was used in the furnace. The coke input rate fell by 13%, and the rate of indirect reduction rose to 60%. At the same period S.A. Cockerill-Ougrée started on a trial run with 100% of the same sinter in one of their blast-furnaces, but without high top pressure. It was thus possible to establish agreement between the results obtained from this blast-furnace and those from the low-shaft furnace when high top pressure was used (the same coke input rate — 680 kg and the same rate of indirect reduction). The performances of the experimental furnace at Ougrée are, therefore, on a par with those of the most productive blast-furnaces in the world, while it is a remarkable fact that its production of pig-iron, per day and per cubic metre of the working volume of the furnace, places it at the head of the list.

This trial run proved, beyond all possible doubt, that in its present form the Liège low-shaft furnace may be compared with a conventional blast-furnace, provided that use is made of suitable high top pressure, and that the choice of the driving rate and the particle-size range is well adapted to its requirements.

c) The initial programme of experiments devoted to the low-shaft furnace included the study of steam injection. The necessary plant was developed and installed, but certain mechanical troubles with the turbo-blower delayed the experiments, and led the steering committee to put off these experiments in favour of vapourized fuel-oil injections through the tuyères of the low-shaft furnace, during a period of operation with 100% self-fluxing sinter.

In order to keep the calorific value of the injected fuel at the same level as that of coke and hot blast together, it proved necessary to enrich the blast with oxygen (24% oxygen for 70 kg. fuel oil per ton of pig-iron)

During operation with normal top pressure, fuel oil injection, in the course of this first experiment, improved the coke input rate by about 14%, and the combined coke + fuel oil rate by about 5%

On the other hand, when the furnace was run with high top pressure, the fuel oil did not improve the coke consumption, since its carbon content remained almost unutilized. It thus appears that the optimum working conditions for the Liège low-shaft furnace were already obtained during running with a top pressure of 1.5 kg/cm<sup>2</sup> without fuel oil injection. The hydrogen content of the fuel oil appears to play the part of a reducing agent and a heat transfer vehicle.

Further experiments must obviously be made to confirm these first conclusions, first with sinter and later with ore, and finally to apply them successfully to a conventional blast-furnace.

d) It has been possible to carry out very accurate research work in the low-shaft furnace, thanks to the small height of the installation, by the following means: measurement of the temperatures of the gases and solids, gas analyses, and the extraction of burden samples from various levels in the furnace. The results obtained are of the greatest scientific importance for the study of the physical chemistry of blast-furnaces, and for establishing physico-chemical balances for various sections of the furnace on an experimental basis.

The 1958 experiments on the low-shaft furnace have thus made it possible to determine the similarity between a blast-furnace and the low-shaft furnace, which was in fact the aim set by the High Authority. In particular, it was possible to throw light on the existence of a critical driving-rate level (in relation to the working volume), the extrapolation of this concept in relation to conventional blast-furnaces would seem to provide a number of object lessons, both for their design and for the assessment of their production potentials.

Moreover, the Liège plant is very well fitted to carry out basic research work, and to conduct preliminary trials of all the new techniques, whose operation in normal blast-furnaces would be long-winded, tricky and costly, and would upset the production of the works concerned.

## 2) *Research Work on the Injection of Fuel Oil into Blast-Furnaces*

Research work on the *Injection of Fuel Oil* into blast-furnaces, with a view to effecting economies in the use of metallurgical coke, should be completed in the spring of 1959.

This research project was financed out of the special credit of 650,000 units of account made available by the High Authority for research likely to lead to reductions in the consumption of metallurgical coke

A dozen or so projects were put forward with a view to obtaining partial finance from this credit. On the strength of unfavourable reports from the Iron and Steel Technical Research Committee, they were all rejected

For more than six months now no new project has been put forward in connection with this special credit.

172. Several *new projects* have received the approval of the High Authority.

1) Within the framework of its policy of effecting economies in the use of metallurgical coke, the High Authority, having carried out in the preceding year an extensive review of processes of direct reduction, started its economy campaign by making a financial grant of 1,200,000 units of account for research relating to two groups of direct reduction processes, *viz.* by means of shaft-furnaces and by means of rotary furnaces.

Direct reduction has hitherto been only a subsidiary metallurgical process. In the United States, where great financial resources have been devoted to the industrial development of certain processes, the prevailing opinion is that direct reduction can only be developed under very specific local conditions

But the availability and the price of metallurgical coke on the one hand, and of scrap on the other, differ widely, notably during boom periods (when coke is scarce and costly) in the Community and in the United States

Research should therefore be undertaken in Europe with a view to the utilization of certain second-grade fuels, and to the more extensive use of coals which are unsuitable for coking. In the long term the energy balance of the Community can only be improved thereby, moreover, direct reduction yields a product which is free of foreign metals and can be used with advantage to replace scrap in steelmaking-furnace charges

On the other hand, new sources of energy are constantly being opened up, and the possibilities for their utilization in iron and steel-making ought to be thoroughly investigated.

Finally, the conventional iron and steel industry is in a state of constant evolution, and direct reduction may in certain instances provide a useful additional method of treating certain ores or certain

products for the beneficiation of these ores, side by side with the large iron and steel concerns, where the blast-furnace is, and will for a long time to come remain the principal plant, owing to its great capacity for the reduction of ores

The first project which has received a grant from the High Authority relates to a process of *reduction in a shaft-furnace*, which is already being employed on an industrial scale in Sweden in the specific form of the Wiberg process. But instead of consuming electrical energy to raise the charge to reaction temperature, which would be uneconomic for the countries of the Community, the furnace will use second-grade fuels or coals which are unsuitable for coking, the latter will be gasified in an oxygen-blown, slagging gas-producer.

Part of the gas produced will be burnt in a system of Cowper stoves to raise that part of the gas which is used for ore reduction to a suitable temperature.

Preliminary reduction could be carried out in a rotary furnace operating ahead of the shaft-furnace.

Operations will be carried out in a pilot plant to be built at Genoa, the Italian Finsider Research Institute has been assigned the task of carrying out the research

The second project financed by the High Authority concerns reduction in a *rotary furnace*. This type of furnace has been the subject of numerous earlier extensive research programmes, notably in a pilot plant in the United States. In a specialized form, in the sense that it treats ores under conditions which give rise to partial fusion of the gangue, this furnace has found wide industrial application in the form of the Krupp-Renn rotary furnace

It nevertheless seemed appropriate to undertake, on a modified Krupp-Renn pilot furnace, basic research on the behaviour of different types of ore which are important for meeting the requirements of the European iron and steel industry, and of certain solid fuels which are suitable for use as reduction agents and sources of heat

The above two processes, which have been financed by the High Authority, make use of solid fuels as their source of energy (for heat and reduction).

The High Authority is also taking an interest in a third group of direct reduction processes, which make use of fluidization and treat ores of fine particle size or beneficiation concentrates, these processes employ a combustible gas, such as natural gas and residual gases from the petroleum refining industry, as a means of heating and reduction

This third project is still being studied.

2) The High Authority furthermore decided to grant financial assistance up to a maximum amount of 5 million units of account to the *Bureau minier de la France d'outre-mer*

with a view to promoting and speeding up the completion, under the direction of this Bureau, of a five-year programme of prospecting for iron and manganese ores in certain African States and territories.

This grant forms part of the High Authority's plans for assuring the Community's raw-material supplies on a long-term basis. The High Authority, referring to the growth in ore requirements from 1960 onwards, had already stressed the need for the European iron and steel industry to concern itself with the development of the resources which lie hidden in the overseas territories, and notably in Africa.<sup>1)</sup> The programme of prospecting which the *Bureau minier de la France d'outre-mer* intends to carry out, in agreement with the High Authority, answers this need and represents the preliminary phase of a rational development of the mineral resources of the African continent. The programme has two aspects, comprising

- on the one hand, the general prospecting of areas which are still little known, but which are likely to contain ores. This first phase of the operations consists primarily of aerial surveys, to be followed by prospecting and exploration on the ground,
- on the other hand, thorough surveying of certain deposits which seem particularly promising, and a study of which would throw light on the technical and economic possibilities of their exploitation.

A first stage of the operations, to be carried out during the financial year 1958-59, will make it possible to embark on the general prospecting of Guinea, the Ivory Coast, Gaboon and the Cameroons, and to complete the survey of the Tchibanga field which is already under way. In the light of the information obtained, further decisions will be taken concerning the future course of the prospecting work.

On the completion of this work, the High Authority will transfer to the Community enterprises which are consumers of iron ore the rights which it will have acquired by reason of its participation in the prospecting work, and in particular the right to participation in the companies which will eventually be formed to develop the deposits which have thereby been discovered.

3) Air pollution in industrial areas, always a matter of concern to the public health authorities, has suddenly become a good deal more serious owing to the rapid increase in the use of oxygen in steelmaking.

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<sup>1)</sup> See *Fifth General Report of the High Authority*, April 1957, Chapter XII



In particular the use of oxygen-enriched blast in basic Bessemer converters produces large quantities of *brown smoke* which spread over wide areas.

Hitherto the problem of extracting the dust from these fumes produced in basic Bessemer steelmaking plants working with oxygen-enriched blast has not been solved economically. The High Authority therefore decided to make available the sum of 475,000 units of account for research to meet this menace. This research is to be carried out on an industrial scale on a basic Bessemer converter at the Mannesmann works in Huckingen.

4) A new type of rolling mill, known as a planetary hot rolling mill, makes it possible on a single stand to reduce slabs to strip in thicknesses equal to, or less than, those which are produced in continuous strip mills. This type of mill is in operation industrially only for a width of 50 cm.

The High Authority favours the encouragement of research work on a 1 m-wide mill, available within the Community, with a view to determining its potentialities.

5) In an allied sphere, the High Authority has approved the granting of a subsidy of 100,000 units of account to the iron and steel research centres of the Community, to promote the study and evaluation of technical literature from the East European countries.

173. Several *research projects* are still in process of preparation.

Work on the preparation of an up-to-date metallographical atlas is continuing at Community level, in co-operation with American specialists. The High Authority would be ready to assist the publication of this work by providing working capital which could be repaid out of the revenue from sales.

Application has been made to the High Authority to renew the grant made to the International Flame Radiation Research Committee.



## CHAPTER SIX

### **SOCIAL SITUATION IN THE COMMUNITY AND ACTIVITIES OF THE HIGH AUTHORITY IN THE SOCIAL FIELD**

#### **Section 1 — Manpower Problems in the Community Industries**

##### *THE GENERAL TREND IN EMPLOYMENT*

(January-September 1958)

174. The falling-off in economic activity during the first nine months of 1958 affected employment everywhere, but in widely-varying degrees in the different countries, areas, and sectors of industry.

Moreover, the decline in production was much less marked in France, in Italy, and to a certain extent in Germany, where expansion continued, although at a decreasing rate

175. On an average, 25,800,000 people were employed in industry in general, including the building trade — 150,000 more than last year, *i.e.* an increase of 0.5% as compared with 2.4% in 1957 and 3.2% in 1956

In certain sectors of industry, enterprises kept on their workers, but introduced short-time working, in others, some of the workers were discharged, whilst a few industries suffered from a shortage of manpower.

In all six countries, the tightness in the labour market diminished considerably, and there was a substantial falling-off in offers of employment.

The number of unemployed persons and the general trend in employment are not, in the majority of cases, an

indication of any considerable unemployment resulting from economic conditions

176. In *Germany*, employment in industry in general increased more slowly than last year by 1.8% as compared with 3.5% in 1957

During the first three months, average unemployment exceeded that of the corresponding period of 1957 by 17%. On the other hand, from the second quarter onwards, it was 5% lower than last year

However, there were variations in opposite directions, expansion would seem to have slowed down in particular in the basic industries, and in certain industries producing consumer goods

There was a considerable revival of activity in the building trade and in public works, mainly due to greater credit facilities for public housing schemes

The recessionary trend which has been apparent in *Belgium* since the end of 1957 caused a fall in employment. The number of industrial workers decreased by about 3 to 4%, while that of totally unemployed increased more markedly than in 1957

There was more short-time working than in 1955 in several branches of industry, in particular coalmining, the building trade and the metal-goods and textile industries.

To cope with the unemployment situation, the Belgian Government placed contracts for a number of public works, and increased its grants to the provincial and local authorities for public works and housing schemes

Economic development measures were instituted in two pilot regions, one of which was the Borinage coalfield

In *France*, the trend towards economic stabilization led to a slight rise in applications for employment as compared with the corresponding period of 1957, and employment in industry no longer continued to increase

Offers of employment fell by about 50% in relation to the previous year

Difficulties were experienced in the textile, shipbuilding and aircraft industries, and in the building trade, as a result of the credit squeeze

In *Italy*, the considerable slowing-down in economic expansion had an unfavourable effect on the level of industrial employment and the absorption of unemployment, the number of applications for employment increased by about 1%

In the *Netherlands*, the number of persons employed in industry fell by about 2%, while unemployment was considerably higher than in 1957

During recent months, however, there has been a slight tendency towards recovery. Measures were taken by the Netherlands Government to encourage investment and housing development.

Offers of employment, though lower by 35 to 40% than in 1957, showed an increase in manpower requirements.

177. With 1,654,000 persons employed, the number of workers in the coalmining and iron and steel industries, and in the iron-ore mines, reached at the end of 1957 the highest level recorded since 1954. During the first nine months of the year, as a result of the economic recession and the marketing difficulties experienced in certain coalfields, the number of workers employed declined progressively, and was down by the end of September 1958 to 1,643,000, representing a decrease of 2.5%. <sup>1)</sup>

The following table shows the changes in the number of workers employed, broken down by industries and main occupational groups.

**Changes in the Number of Workers Employed  
in the Community Industries**

Industry	January-September 1957	January-September 1958
<i>Coalmining industry</i>	+12 900	—30 500
Underground workers	+11 000	—22 100
Other workers	+2 100	—4 400
Apprentices	—2 400	—5 000
Clerical, technical and managerial staff	+2 200	+1 000
<i>Iron and steel industry</i>	+22 100	—8 800
Workers	+18 200	—10 400
Apprentices	+800	+400
Clerical, technical and managerial staff	+3 100	+1 200
<i>Iron-ore mines</i>	+1 400	—2 100
Workers	+1 200	—2 100
Apprentices	—200	—200
Clerical, technical and managerial staff	+400	+200
Community	+36 400	—41 400

<sup>1)</sup> See *Statistical Annex*, Table 47.

178 *Coalmining industry.* — The number of underground workers fell by about 3.5% during the first nine months of the year

Short-time working was introduced in the mines in Germany and Belgium at the beginning of 1958, in view of the accumulation of stocks, and increased in these two countries during the year

Recruitment of underground workers was substantially reduced, and in the Community as a whole, for the period January-September 1958, recruitment was 43% below the figure for the corresponding period of 1957

### Movement of Manpower in Coal Mines

(January-September 1957-1958)

Country	Underground workers <sup>1)</sup>				Total (underground and surface) <sup>2)</sup>			
	Recruitment <sup>3)</sup>		Net change <sup>4)</sup>		Wastage <sup>3)</sup>		Net change <sup>5)</sup>	
	1957	1958	1957	1958	1957	1958	1957	1958
Germany (Fed Rep.)	44 200	27 000	+4 900	—9 400	39 300	36 400	+6 800	—12 800
Saar	2 500	2 400	+800	+400	1 700	2 000	+1 000	—1 600
Belgium	29 800	12 200	+2 600	—8 500	27 200	20 700	+3 700	—10 800
France	20 500	13 000	+3 200	—2 800	17 300	15 800	+1 400	—5 000
Italy	100		—100	—1 300	200	1 300	—200	—1 200
Netherlands	3 000	2 100	—400	—500	3 400	2 600	+200	+900
Community	100 100	56 700	+11 000	—22 100	89 100	78 800	+12 900	—30 500

<sup>1)</sup> Underground workers, exclusive of apprentices

<sup>2)</sup> Workers, apprentices and clerical, technical and managerial staff

<sup>3)</sup> Exclusive of men transferred from one colliery to another

<sup>4)</sup> Difference between number of underground workers employed at beginning and at end of period

<sup>5)</sup> Difference between total number (underground and surface) employed at beginning and at end of period

The intake of foreign labour was very small, and in some countries actually nil. The number of foreign workers fell during the last nine months of 1958 by 12,000, 11,000 of whom had worked underground

In *Germany*, the number of underground workers declined from March onwards by 4 to 500 each week, *i.e.* overall by about 3%

Unemployment caused by lack of markets started during the last week in February. It principally affected the Ruhr coalfield, and from July, the Saar also. By the end of September 1958, 1,300,000 man/shifts had been lost, representing one to two days' unemployment per month per worker. Employment of the labour force had thus been reduced by about 1%.

Underground manpower requirements are therefore at present limited to 5,000 workers.

The *Belgian* mines, which in 1957 had built up the number of their workers in order to re-establish normal production, were faced with serious commercial problems. The accumulation of stocks gave rise, first in the southern and then in all coalfields, to large-scale short-time working. 1,700,000 man/shifts were lost during the first nine months of 1958, a reduction of employment of 5 to 6%.

Unemployment, however, did not affect all the pits, and in some it was more severe than in others. Since the beginning of August, for instance, there has been no short-time working in the Liège coalfield, which produces mainly household coal.

During the same period, the number of underground workers decreased by 8%, at the rate of 100 to 200 workers a week during the first few weeks, and of 400 from April onwards.

Immigration of foreign workers has been at a complete standstill since the end of 1957. Italian nationals have, however, again been authorized by their Government since September 1958 to accept employment in the Belgian mines.

In *France* no serious difficulties were recorded, the number of underground workers decreased slightly, by about 2%, but there is at present a tendency towards stabilization. In the Nord/Pas-de-Calais an effort is being made to overcome a shortage of almost 3,000 workers by taking on foreign workers, 2,800 new foreign workers were recruited during the first six months of 1958.

In the *Netherlands*, a slight fall (1.5%) in the number of underground workers was recorded during the third quarter, but overall the labour force remained relatively stable. The increase in pithead stocks did not cause the Dutch collieries to introduce short-time working, but recruitment was considerably slowed down.

Finally, in *Italy*, the labour force was affected by the dismissals made necessary by the reorganization measures in the Sulcis coalfield.<sup>1)</sup>

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<sup>1)</sup> See No. 185 below.

179. The foreseeable development in the consumption of coal and in pithead stocks suggests that in the coming months the employment situation will involve a further slight reduction in the number of workers employed, and in some countries the introduction of short-time working on a considerable scale.

The problem of labour recruitment, which up to the end of 1957 was a matter of major concern for the Community coalmining industry, has now lost much of its urgency. But the present instability of employment in the mines may discourage young workers and increase their disinclination to take up mining as a career. In the near future, therefore, recruitment may meet with difficulties which will be the more acute as the recovery of the coal market will go hand-in-hand with a general economic recovery. The High Authority has on a number of occasions emphasized the necessity and urgency of introducing measures to ensure continuity of employment in the coalmining industry. <sup>1)</sup>

180. *Iron and steel industry.* — While production declined by 1% during the first nine months of 1958, the industry's labour force went down by 2% during the same period. The limiting of overtime, the stoppage of some plants and the introduction of short-time working for certain jobs led to a reduction in the rate of activity of the labour force throughout the Community by something like 3%. <sup>2)</sup>

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<sup>1)</sup> See Chapter II, Nos 41 to 43

<sup>2)</sup> Rate of activity = employment index multiplied by the index of hours actually worked



**Movement of Manpower in the Iron and Steel Industry**

(January-September 1957-1958)

Country	Workers <sup>1)</sup>				Total <sup>2)</sup>			
	Recruitment <sup>3)</sup>		Net change <sup>4)</sup>		Wastage <sup>3)</sup>		Net change <sup>5)</sup>	
	1957	1958	1957	1958	1957	1958	1957	1958
Germany (Fed Rep)	28 700	11 900	+14 700	-5 800	14 000	17 700	+17 500	-4 100
Saar	2 500	2 200	+500	+200	2 000	2 000	+600	+100
Belgium	5 600	3 200	+700	-1 100	4 900	4 300	+900	-1 000
France	21 200	16 500	+1 400	-1 300	19 800	17 800	+1 800	-1 600
Italy	4 600	2 500	+300	-2 600	4 300	5 100	+400	-2 700
Luxembourg	1 400	1 000	+400	-100	1 000	1 100	+500	—
Netherlands	1 200	1 000	+200	+300	1 000	700	+400	+500
Community	65 200	38 300	+18 200	-10 400	47 000	48 700	+22 100	-8 800

<sup>1)</sup> Workers, exclusive of apprentices<sup>2)</sup> Workers, apprentices, and clerical, technical and managerial staff<sup>3)</sup> Exclusive of men transferred from one iron and steel works to another<sup>4)</sup> Difference between number of workers employed at beginning and at end of period<sup>5)</sup> Difference between total number of workers employed at beginning and at end of period

In *Germany*, the fall in home demand, although partly offset by exports and by the existence of substantial stocks held by consumers, had an adverse effect on the market. Crude-steel production fell by 3 8%, and the number of workers by 3 5%

Some enterprises had to reduce their activity by introducing short-time working, and even by discharging some of their workers.

Since July 1958, the decline in production has been particularly marked in the heavy-plate sector. It must be stressed, however, that the increase in the number of workers in the German iron and steel industry was the highest in the Community, reaching 15% in two years.

In *Belgium*, the number of workers in the iron and steel industry fell by 2%, production of crude steel also decreased by about 2%. Enterprises did not, however, discharge workers on any scale, but simply did not replace those who left their employ. Short-time working, introduced since 1957, mainly in the rolling mills, is now decreasing.

In *France*, production of crude steel has up till now been 6% higher than last year. The decline in home demand during the last few months has been partly offset by a rise in exports.

There has been very little change in the number of workers employed, but recruitment was curtailed.

In *Italy*, the decline in manpower observed since October 1957 continued in 1958, at the same time production of crude steel dropped about 6% below the 1957 level.

The numerous price reductions, which have been a recent feature of the Italian iron and steel industry, have had an adverse effect on some of the smaller enterprises, which found it difficult to adapt themselves to the new market conditions, and therefore had to discharge some of their workers

In the *Grand Duchy of Luxembourg*, the number of workers in the iron and steel industry remained stable, the enterprises did not introduce short-time working, but slowed down recruitment

In the *Netherlands*, the iron and steel market would seem to have been less affected by the trend in the economic situation than in the other Benelux countries. Only a few isolated rolling mills, working mainly for the home market, had to introduce short-time working. On the whole, the expansion programme of the iron and steel industry is going forward, and the necessary manpower can be found without difficulty

The signs of a hardening of the iron and steel market observed in recent months do not, however, necessarily imply the beginning of a new phase of expansion. Although the Community countries have benefitted from some improvement in exports, internal business has been less brisk

In view of these economic prospects, it seems reasonable to hope that the employment situation in the iron and steel industry will become stabilized in the coming months, but as the market situation varies according to the product involved, short-time working may still be necessary in certain plants. On the other hand, the possibility of a further slight decline in the labour force in some countries, particularly by the curtailment of recruitment, cannot be excluded.

181     *Iron-ore mines* — In the iron-ore mines, the degree of activity is closely bound up with the iron and steel industry, where the progress of mechanization in certain mines made it possible in 1956 and 1957 to increase production without undue reliance on extra manpower. During the first nine months of 1958, as a result of economic developments in the iron and steel industry, although gross extraction of ore remained much the same as in 1957, there was a reduction

in the labour force to a level slightly below that recorded at the beginning of 1957.

**Movement of Manpower in the Iron-Ore Mines**  
(January-September)

Country	1957	1958
Germany (Fed Rep )	+1 500	—1 200
France	—	—300
Italy	—100	—400
Luxembourg	—	—200
Community	+1 400	—1 000

In *Germany*, the number of workers employed fell by about 1,200, during the third quarter of 1958, many of the iron-ore mines were obliged to lay off some of their workers, and to introduce short-time working. The level of employment is, however, at present stabilized.

In *France*, the labour force remained much the same. In the eastern and western areas, however, there was a slight fall in the number of workers employed, and some reduction in working hours.

In *Italy*, the substantial drop in the production of iron ore led to the reduction of the labour force by about 400, and some shortening of working hours.

# General Manpower Situation in the Community Industries

( '000 )

Industry	September 1957				September 1958			
	Workers	Apprentices	Salaried Staff	Total	Workers	Apprentices	Salaried Staff	Total
<i>Coalmines</i>								
Germany (Fed. Rep.)	450 1	46 0	45 6	541 7	442 9	39 5	47 2	529 6
Saar	53 4	4 9	6 3	64 6	53 6	3 5	6 3	63 4
Belgium	135 3	3 4	14 8	153 5	131 9	2 3	14 7	148 9
France	208 6	6 3	26 8	241 7	204 3	5 7	26 7	236 7
Italy	5 8	—	0 7	6 5	4 2	—	0 7	4 9
Netherlands	51 0	3 5	7 0	61 5	52 2	4 2	7 3	63 7
Community	904 2	64 1	101 2	1 069 5	889 1	55 2	102 9	1 047 2
<i>Iron and steel industry</i>								
Germany (Fed. Rep.)	173 1	6 6	23 2	202 9	169 9	6 8	24 6	201 3
Saar	27 4	1 0	4 0	32 4	27 7	0 8	4 1	32 6
Belgium	52 9	—	7 4	60 3	51 4	—	7 5	58 9
France	127 3	2 3	24 2	153 8	126 7	2 3	24 9	153 9
Italy	55 6	0 2	7 4	63 2	52 3	0 2	7 3	59 8
Luxembourg	18 7	0 3	2 1	21 1	18 7	0 4	2 1	21 2
Netherlands	7 5	0 2	3 2	10 9	7 9	0 3	3 3	11 5
Community	462 5	10 6	71 5	544 6	454 6	10 8	73 8	539 2
<i>Iron-ore mines</i>								
Germany (Fed. Rep.)	21 0	1 0	2 4	24 4	19 7	1 0	2 4	23 1
Belgium	0 0	—	0 0	0 0	0 0	—	0 0	0 0
France	24 5	0 7	3 1	28 3	24 4	0 7	3 2	28 3
Italy	3 7	0 0	0 3	4 0	3 1	0 0	0 3	3 4
Luxembourg	2 4	—	0 2	2 6	2 2	—	0 2	2 4
Community	51 6	1 7	6 0	59 3	49 4	1 7	6 1	57 2
	1 418 3	76 4	178 7	1 673 4	1 393 1	67 7	182 8	1 643 6

*READAPTATION ASSISTANCE*

182. Assistance under the provisions concerning the re-adaptation of workers can still be granted during the two years following the expiry of the transition period on February 10, 1958, but before doing so the High Authority is required to obtain the agreement of the Council of Ministers

In order to simplify and to speed up procedure, the High Authority had asked the Council to interpret Section 23,8 of the Convention containing the Transitional Provisions in such a manner as to authorize the High Authority to deal with all readaptation schemes submitted in the course of these two years without being obliged to obtain agreement separately in each individual case

This request did not meet with the unanimous approval of the Council. The latter, however, being anxious to expedite the examination of such cases as much as possible agreed to the adoption of a system of written communications

In future, therefore, the High Authority will ask in writing for the Council's agreement in respect of each application submitted by the Governments. The agreement is deemed to have been secured when a fortnight has elapsed without any Government having asked to have the matter placed on the agenda for the Council's next meeting

Since February 10, 1958, agreement has been forthcoming for all applications received for readaptation assistance, covering the workers of sixteen enterprises, *viz.*.

- 6 Belgian collieries,
- 3 French collieries,
- 1 Italian colliery,
- 2 French iron and steel works,
- 4 Italian iron and steel works.

183 In Belgium, the reorganization of the collieries has entailed the closing of eight pits in the *Centre*, *Charleroi* and *Liège* coalfields.

Of the 2,600 workers discharged up to the end of September, a large number were quickly re-employed in the coalmining industry. Under the terms of agreements concluded with the Governments, these workers were covered by the same financial provisions as those put into effect in the *Borinage* coalfield in 1956, including tide-over and settling-in allowances, contributions to the cost of occupational retraining, etc.

For those remaining unemployed, the tide-over allowance is equal to 100% of the wage previously earned for the first four months of unemployment, going down to 80% for the four subsequent months, and to 60% for the third and final period of four months.

For those to be re-employed or to undergo occupational retraining, the net wage previously earned is guaranteed by the payment, where necessary, of a differential for the twelve months following discharge.

The reorganization in progress in the *Borinage* coalfield since July 1956 has involved the closing of several pits, but it will be possible to re-employ the workers concerned very quickly in other collieries in the area.<sup>1)</sup>

At the request of the Belgian Government under Section 23,2 of the Convention, the High Authority participated in the economic and social survey of the *Borinage* carried out by the *Institut de Sociologie SOLVAY* of Brussels. This survey deals with the possibilities of re-employment in the *Borinage* for workers made redundant as a result of the reorganization programme.

184. In France, a number of small non-nationalized mines, in the *Centre/Midi* area, had to close down following the abolition, as from February 10, 1958, of the subsidies granted on the coal they supplied to the briquetting plants on the coast. 280 workers were affected by these shutdowns.

The High Authority was requested by the French Government to contribute towards the cost of their readaptation, it suggested that tide-over allowances should be paid along the same lines as in Belgium. As a provisional measure, previous agreements are being applied.

The readaptation measures in progress since 1955 in the *Etablissements Bessoneau* and in the *Forges d'Hennebont* were extended to 170 workers affected by the shutting-down of further departments of these enterprises. Readaptation assistance was also granted to about a hundred workers made redundant by the closing of the *Société des Forges et Laminours* at Vizille, Isère. In these various cases, the High Authority suggested to the French Government the payment of further tide-over allowances.

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<sup>1)</sup> See No 48 above

The programme of modernization and concentration undertaken by the *Compagnie des Ateliers et Forges de la Loire* in 1954 has now been practically completed, the only item outstanding being the Assailly plant, which is to be finally closed down about the end of 1959 the workers will be taken over in stages by the Company's other plants

The readaptation agreement in respect of the *Ateliers des Forges de la Loire* was supplemented in 1958 by a provision to the effect that from May 1, 1958, the wage adjustment allowance payable in the case of occupational retraining or re-employment at a lower wage would be calculated on the basis of the number of hours previously worked and the net wage (including bonuses) of the worker concerned This improvement was made in deference to the views of the Social Affairs Committee, which had repeatedly expressed the hope that some such action would be taken.

185 In Italy, the firms *Azienda Italgisa* and *Metallurgica Bresciana*, in the Brescia area, *Ilssa-Viola*, in the Aosta area, and *Safim*, in the Milan and Genoa area, discharged in all something like 300 workers as a result of modernization and rationalization programmes

The readaptation arrangements in these cases are the same as those provided for in the 1957 agreement the workers concerned are entitled to a decreasing tide-over allowance for a period of 15 months, the amount payable during the first three months to be equal to 85% of the wage previously earned, while, in the event of re-employment, they are guaranteed for the same period the full wage previously earned, and in the event of occupational retraining, they receive an allowance representing 85% of their previous wage for the duration of the retraining course

The High Authority and the Italian Government also contribute part of the funds needed to pay the settling-in allowances and meet the cost of occupational retraining

The reorganization of the collieries at *Sulcis*, Sardinia, continued, and more workers were laid off during the summer of 1958, with the object of cutting back production The men affected received the same assistance as had been granted by the enterprise in 1956. Since it proved very difficult to find them alternative employment, however, the High Authority again called the attention of the Italian Government to the possibilities suggested by Section 23 of the Convention containing the Transitional Provisions regarding the establishment of new activities

186 Up to September 30, 1958, the High Authority had extended readaptation credits to a total of 14,259,000 units

of account; expenditure up to that date amounted to 5,298,000 units of account.<sup>1)</sup>

As has already been noted, from February 10, 1960, onwards, it will no longer be possible to take action under Section 23 of the Convention, and the only passage in the Treaty covering readaptation problems will be Article 56

In order to be able to plan for the future, the High Authority is anxious to benefit from the experience gained during the first five years of the Community's existence. To this end, it asked the Consultative Committee on July 1 which measures for the readaptation of workers deprived of their employment it considered most effective

- a) "of those introduced to date under the Treaty,
- b) over and above those already provided for by the Treaty,
- c) designed to promote the creation of new activities in the coalmining, iron and steel and other industries, with due regard to the special structure of the labour force to be re-employed."

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<sup>1)</sup> The difference between the amounts made available and the amounts actually expended is due to the following factors :

- a) Credits are granted in proportion to the number of persons expected to be eligible for the joint assistance of the Government concerned and the High Authority. In consequence of the boom, the number of workers who actually did receive assistance was for the most part lower than had been expected.
- b) In some cases the assistance programme is spread over several years, and has not yet come to an end
- c) The total amount of assistance to workers is advanced in the first instance by the Governments, which subsequently request the High Authority to refund the amounts concerned



189 During the first year of application of the decision implementing Article 69 of the Treaty, *i.e.* from September 1, 1957, to September 1, 1958, 283 labour cards were issued, *viz*

124 in Italy,  
94 in Belgium,  
57 in Germany,  
8 in the Netherlands,

distributed as follows

248 cards for the collieries and iron-ore mines,  
35 cards for the steel industry

Applications for employment totalled

95 for the collieries,  
11 for the iron-ore mines,  
24 for the steel industry

Offers of employment were forthcoming only for the collieries, and even so only during the fourth quarter of 1957 and at the beginning of 1958, almost all these offers were subsequently withdrawn

28 workers holding labour cards found employment abroad, either through labour exchanges or by their own efforts

These somewhat meagre results are due to various causes, some inherent in the system itself, others arising from existing legislation or fortuitous circumstances. Thus,

- a) the card can be obtained only by workers who satisfy certain conditions as to skill or employment in the industries of the Community, and who belong to categories which are in general very little affected by unemployment,
- b) workers who are nationals of one of the Benelux countries do not need a labour permit to accept employment in any of these three countries, so that Article 69 does not concern them,
- c) movement in the frontier zones of the Community countries has already been simplified in many respects by the granting of special facilities,
- d) although it is mainly unskilled workers who have been found employment under the existing bilateral agreements, a number of workers who were eligible for labour cards have no doubt been placed by the same method,
- e) finally, the first year of application of the decision coincided with various difficulties in the Community industries recruitment was substantially reduced, and in some cases actually suspended

Taking all these factors into account, the High Authority felt it desirable to extend the scope of the decision of December 8, 1954, and thus to give full effect to the provisions of the Treaty

Basing itself on its general duty to provide guidance, as laid upon it by Article 69,5, it asked the Governments of the member States to meet in order to draw up a second list of occupations entitling to the labour card.

190. The European Convention on *Social Security for Migrant Workers* signed in Rome on December 9, 1957, has now been transformed, at the request of the Commission of the European Economic Community, into a Regulation of the Council of Ministers of the E.E.C., under Article 51 of the Treaty of Rome.

This Regulation came into force on January 1, 1959, together with rules of implementation containing the details of the administrative operation of the new system

An Administrative Committee of representatives of the member States will be responsible, *inter alia*, for

- a) settling administrative questions and problems of interpretation,
- b) promoting and strengthening co-operation on matters of social security, and in particular encouraging joint action on health and social questions of common interest,
- c) submitting proposals for the possible revision of the Regulation,
- d) in certain cases paying, by mutual clearing operations, the refunds due from one institution to another

The High Authority, like the European Commission, is represented at the meetings of this Committee in a consultative capacity, in this way, it is enabled to follow closely the introduction of the new social security system for migrant workers

Immediately after the adoption of the Regulation by the Council of the European Economic Community, the High Authority officially informed the latter that in its view this Regulation might be considered as the "arrangement" provided for in Article 69,4 of the Treaty, and that it was also applicable to workers in the coalmining and iron and steel industries.

It also informed the Council that it would continue to follow and guide the activities of member States in the field of social security for migrant workers whenever it felt the interests of workers in the coalmining and iron and steel industries to be concerned

*DEVELOPMENT OF VOCATIONAL TRAINING  
IN THE COMMUNITY INDUSTRIES*

191. *Trend in numbers of juveniles undergoing apprenticeship* — In the Sixth General Report on the Activities of the Community, details were given of the trend in the numbers of juveniles undergoing apprenticeship during the years 1954-1957, and attention was drawn to the progressive decline in the number of boys training in the collieries and the iron-ore mines.

During the first six months of 1958, the number of apprentices rose slightly in the iron and steel industry, remained unchanged in the iron-ore mines, and further declined in the collieries.

At the end of June 1958, a total of 71,000 apprentices were being trained in the Community industries as a whole · this is 1,500 less than at the end of 1957, and 1,800 less than at the end of 1954

The proportion of apprentices to the labour force has thus progressively decreased, from 5 2% at the end of 1954 to 4 3% at the end of 1957, and to 4 2% at the end of the first six months of 1958 <sup>1)</sup>

192 *In the coalmining industry* the number of apprentices has diminished steadily since July 1956, standing at 60,200 (5 6% of the total) at the end of 1957, and 57,900 (5 4% of the total) at the end of the first six months of 1958 <sup>1)</sup>

The trend was not, however, identical in all the countries of the Community while the number of apprentices dropped sharply in Belgium (by 1,300, or almost 50%) and in France (by 900), it varied very little in Germany and the Saar, and increased by close on 8% in the Netherlands

The difficulties faced by the coalmining industry in 1958 no doubt partly explain this trend

193 *In the iron and steel industry*, the number of apprentices continued to increase during the first six months of 1958

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<sup>1)</sup> See Table, page 222

The proportion of apprentices to the total labour force rose from 1.9% at the end of 1957 to 2.1% at the end of June 1958, but this was mainly due to the increase recorded in Germany (+1,000 boys). In Italy (200), Luxembourg (300), and the Netherlands (200), the situation did not change. There was, on the other hand, a slight decline in France (—100) and the Saar (—100).

194 In the *iron-ore mines*, the number of apprentices remained unchanged throughout the Community.

195. *Development of vocational training.* — Problems which seem to have been of particular concern to employers' and workers' organizations during 1958 include

- a) training of supervisors,
- b) training of personnel to operate the electronic machines now coming into use more and more on the management side;
- c) refresher courses for executive and managerial personnel.

196 The short interval since the publication of the Sixth General Report makes it difficult to give a complete picture of developments in the field of vocational training throughout the Community. A full list of these will appear in the booklet which is to be published annually by the High Authority from now on, *Informations sur le Développement de la Formation Professionnelle dans les Industries de la Communauté*.

For the purposes of this Report, we record merely some items of information and recent developments in Community countries which have come to the High Authority's knowledge.

197 *Coalmining.* — In Germany, the *Westfälische Bergwerkschaftskasse* organized its sixth refresher course for supervisory staff, dealing more particularly with mining techniques, work organization, and safety. 416 deputies sat for the final examination held at the end of March 1958 by the five mining colleges of the *Westfälische Bergwerkschaftskasse*.

At the Essen Mining Exhibition in 1958, the *Steinkohlenbergbauverein* and the *Unternehmensverband Ruhrbergbau* showed a number of models used in the training of mineworkers

The executive of the mineworkers' union, *I G Bergbau*, wishing to encourage the improvement of vocational training facilities from the trade-union side, set up a special department in its Secretariat at Bochum, at the beginning of May 1958, to deal with these problems

198 The *Fédération Charbonnière de Belgique* carried out a special information drive at the Brussels International Exhibition with the object of making the general public better acquainted with the various aspects of mining as a career and the scope it offers for promotion. To this end, it arranged a number of half-day information sessions and one full-day study conference

The *Fédération Charbonnière de Belgique* also continued with its general programme for the popularization of new methods in regard to job-instruction, labour relations and work organization and method studies in the Belgian coalmining industry as a whole

Courses and conferences were held in each of these special fields for colliery engineers. The purpose of the job-instruction courses is to train one or more specialists from the upper-grade managerial staff of each colliery, who are then to introduce the method throughout the enterprise, and in particular to instruct the supervisory staff and train instructors

The colliery engineers' post-graduate training centre set up in Mons in 1956 is working admirably. Its fifth term opened last October: each training course lasts six months and is normally attended by six engineers with five years' experience in coalmining. The purpose of the Centre is to familiarize qualified engineers with the modern work organization methods and facilities they need to deal with their problems, and to teach them how to make effective use of them

After the training has been completed, a work organization and methods engineer attached to the Centre follows the engineers' subsequent activities, and refresher courses are held at which they are able to describe their work and exchange constructive criticism

The *Fédération Charbonnière de Belgique* has opened a library of films on coalmining, and has produced and circulated to all collieries a series of leaflets giving details of instructional films on coal and coalmining

A system of filing T W I (Training Within Industry) reports has also been prepared, as well as a card-index and exchange service available to all collieries. In addition, it has issued a considerable num-

ber of working documents on teaching techniques, labour relations and work organization and method studies

199 *Iron and steel industry* — In Germany, 25 vocational-training officers took part in a pilot seminar held in Dortmund in June 1958 on instructor training, this will enable them, in their turn, to organize the training of instructors within their own enterprises

The *Deutsche Volkswirtschaftliche Gesellschaft* arranged two refresher courses for managerial personnel on the commercial, technical and social sides, held at Bad Harzburg, in co-operation with the *Verein der Deutschen Eisenhüttenleute*

The industrial-safety college, opened towards the end of 1957 at Gelsenkirchen by the *Hütten- und Walzwerksgenossenschaft*, is normally attended by supervisory staff, engineers and departmental managers from the iron and steel industry. The courses last one week and are attended by 25 students, who are given details of the best practical results achieved in accident prevention and of the latest industrial-safety methods

A study visit to the Ruhr coalfield was organized for former students of the *Ecole Régionale de Sidérurgie de l'Est*, at Metz, with the co-operation and support of the High Authority, which helped to prepare and conduct the tour. The main purpose of the organizers was to enable the visitors, while being taken round the various plants, to talk direct to the engineers, supervisory staff and workers of the three groups of Ruhr iron and steel enterprises concerned

In Italy endeavours are being made to organize the training of skilled iron and steel process workers on a systematic basis. In March 1958, a team was sent to France to study methods of training young workers in the Lorraine area, on its return, it recommended closer co-operation between the industry, the Ministry of Education and the Ministry of Labour, and suggested the institution of four-year apprenticeship courses, the final plans for which are now under examination.

200 *Iron-ore mines*. — Vocational-training officers from the German iron-ore industry met for the first time at Adorf, Waldeck, in June 1958. Similar meetings will be held regularly in the future, to encourage the pooling of experience and assist the advanced training of instructors in the iron-ore mines.

The twelve best apprentices from the German iron-ore mines were taken on a study visit to France, organized with the assistance of the High Authority, and saw over the iron-ore mines in Lorraine. A similar group of apprentices had visited Germany the previous year

201 *Activities of the High Authority* — The work of the High Authority in 1958 in the field of vocational training included the encouragement of co-operation between Governments and the dissemination of information and documentary material among workers and employers

Following an exchange of views with the Special Council of Ministers, a working programme for joint action was prepared at the end of 1957 covering the training of migrant workers, the institution of closer collaboration between educational and training establishments and the industries of the E C S C, the elimination of Customs and administrative impediments to the exchange of teaching aids throughout the Community, and the harmonization of vocational training in the E C S C industries

The provisions in the bilateral agreements on the selection and recruitment of migrant workers, and national regulations on the employment of miners, have been carefully analyzed, and reports are now being prepared on the methods, techniques and financing of pilot courses or pilot centres for migrant workers in the industries of the E C S C

In the spring of 1959 study conferences are to be held on aspects and forms of co-operation between educational and training establishments at different levels and the E C S C industries. These will make possible a comprehensive exchange of views between representatives of the training establishments and the authorities on the one hand, and of the enterprises and employers' and workers' organizations on the other.

In 1958, the High Authority organized a meeting of Government experts to study ways and means of eliminating Customs and administrative impediments to the exchange of teaching aids throughout the Community. The experts considered that what was needed was an administrative agreement to facilitate the temporary duty-free importation of teaching aids and scientific apparatus used for instruction purposes in the training establishments of the E.C.S.C

industries and in other sectors of the economy, and in teaching establishments in general

A comparative study of existing legal and administrative regulations is to be undertaken immediately, to pinpoint where the regulations in the different countries coincide, and where they diverge. An attempt will then be made to find the best practical method of eliminating impediments to the exchange of teaching aids.

A paper is now in preparation on the organization of general and technical education in the Community, this will serve as a basis for later discussions on the progressive harmonization of training methods.

A study conference held in May on the training of supervisory personnel in the iron and steel industry of the Community was attended by 150 persons, including experts from the employers' and workers' organizations and representatives of the European Parliament, the European Economic Commission, the International Labour Office, the European Productivity Agency, and of the British iron and steel industry. A report of the conference is to be issued shortly. Another study conference on the training of underground supervisory personnel in the coalmining industry is to be held in the spring of 1959.

The Sub-Committee on Vocational Training (Steel) in the course of its regular meetings dealt in particular with the repercussions of the mechanization and automation of office work on the selection and training of personnel. It was found that the use of certain electronic machines had changed the structure of certain professions and even given rise to new ones — this was true as regards both the managerial and the detail work involved. In consequence, it would be necessary to improve and specialize the basic training of certain of the managerial staff, and to raise the general level of education of the personnel required to operate these machines (programmers, supervisors, etc.).



The Sub-Committee on Vocational Training (Iron Ore) compiled material for a monograph on vocational training in the iron-ore mines of the Community, to be published early in 1959. It also finalized the programme for a study tour of the orefields scheduled for the end of April 1959.

Finally, during 1958, the High Authority published a descriptive catalogue of models used in the training of mineworkers, which has already aroused great interest. The catalogue makes available to everybody a considerable proportion of the valuable teaching aids hitherto isolated in different Community enterprises, and should enable such models to be produced on a more systematic basis.

## **Section 2 — Wages, Terms of Employment, Social Security and Housing**

### *DEVELOPMENTS IN THE COMMUNITY*

202 The slowing-down of expansion and sag in economic activity in several countries of the Community have not only affected the number of employed and the degree of employment of the workers: they have also had an influence on remuneration, and on terms of employment in general. Such progress as was made in 1958 would appear to have been a result of measures taken or planned in preceding years, rather than a new development in itself.

The workers' organizations gave priority in their programme of action to guaranteed incomes rather than actual wage increases. Instances indicative of this tendency are the claims of the Belgian trade unions and the French plans for a guaranteed wage, as well as the proposed complete overhaul of the pensions system in Luxembourg and the demands now being made more and more all over the Community for increased protection of the workers against dismissal and unemployment.

While the cost of living increased somewhat in Italy, it remained quite stable in Germany, Belgium, Luxembourg and the Netherlands, and there was also a trend towards stabilization in France and in the Saar

### Changes in the Cost-of-Living Index in the Community Countries

Country	Index base	January 1958	September 1958
Germany (Fed Rep.)	1950 = 100	119	119
Saar	1955 = 100	125.3	127.1
Belgium	1953 = 100	108.69	108.08
France	July 1957 = 100 <sup>1)</sup>	109.71	113.49
Italy	June 1956 = 100 <sup>2)</sup>	103.85	106.68 <sup>3)</sup>
Luxembourg	1948 = 100	131.12	131.40
Netherlands	1951 = 100	123	120

<sup>1)</sup> 179-item index

<sup>2)</sup> Quarterly index (sliding-scale agreements of June 15, 1957)

<sup>3)</sup> May-June-July 1958

In consequence of the less favourable economic situation and the stability or stabilization of the cost of living, there were few major wage changes in 1958, apart from one or two increases at the beginning of the year

On the other hand, the measures initiated in preceding years for the introduction of the shorter working week went ahead, while several countries revised their social-security benefits (retirement pensions, family allowances, etc.), and in France the trend seemed to be towards the extension of existing systems of supplementary retirement pensions.

203. *Wages* — The following three tables show the trend between 1952 and June 30, 1958, in direct hourly wages and total hourly wage costs in each of the industries of the Community.

# Trend in Direct Hourly Wages and Total Hourly Wage Costs in the Iron and Steel Industry <sup>1)</sup>

1953 = 100 <sup>2)</sup>

Country	1952		1953		1954		1955		1956		1957		1958	
	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	
													March	June
Germany (Fed. Rep.)	96.1	95.4	100	100	104.4	103.3	113.6	113.7	123.8	124.2	138.8	138.2	144.2	150.5
Saar	99.8	100.1	100	100	100.7	100.2	115.5	115.2	129.3	132.0	143.3	147.4	158.9	167.9
Belgium	102.7	102.1	100	100	103.9	102.9	110.4	110.1	120.9	122.0	131.0	134.3	134.8	132.2
France	100.4	98.0	100	100	104.4	102.7	117.6	115.9	130.0	131.4	139.4	142.1	158.6	160.0
Italy	102.0	97.9	100	100	106.4	104.6	110.5	106.9	119.8	120.6	124.4	123.2	127.9	129.3
Luxembourg	102.1	102.9	100	100	101.6	99.3	109.9	107.1	119.7	120.7	134.8	134.7	143.0	140.6
Netherlands	88.7	92.2	100	100	107.3	110.6	119.3	129.8	124.0	143.6	138.7	156.9	142.0	142.0

<sup>1)</sup> For definition see *Les Salaires et les Charges Sociales dans les Industries de la Communauté*, Luxembourg, May 1956, Vol. I, section on wage costs and employers' labour charges (pp. 10-14)

<sup>2)</sup> For wages in absolute figures for 1952-56, see *Les Salaires et les Charges Sociales dans les Industries de la Communauté*, Luxembourg, May 1956, and *Informations Statistiques*, Nos 4 and 6, 1956, and No 5, 1957. Figures for 1957 will also be published in *Informations Statistiques*

# Trend in Direct Hourly Wages and Total Hourly Wage Costs in the Iron-Ore Mines <sup>1)</sup>

(underground and surface)

1953 = 100 <sup>2)</sup>

Country	1952		1953		1954		1955		1956		1957		1958	
	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage <sup>3)</sup>	
													February	May
Germany (Fed. Rep.)	—	—	100	100	105.1	108.2	115.2	118.9	125.9	128.7	138.6	143.4	149.0	143.7
France (East)	—	—	100	100	103.0	103.9	116.4	118.3	130.4	137.9	142.5	152.4	155.2	160.0
Italy	—	—	100	100	105.6	105.3	110.6	109.2	114.6	113.6	119.1	118.5	122.3	119.0
Luxembourg	—	—	100	100	101.1	101.1	104.7	104.5	112.5	117.4	122.2	126.5	128.1	123.8

<sup>1)</sup> For definition see *Les Salaires et les Charges Sociales dans les Industries de la Communauté*, Luxembourg, May 1956, Vol. I, section on wage costs and employers' labour charges (pp. 10-14)

<sup>2)</sup> For wages in absolute figures for 1953-56, see *Les Salaires et les Charges Sociales dans les Industries de la Communauté*, Luxembourg, May 1956, and *Informations Statistiques*, Nos 4 and 6, 1956, and No 5, 1957. Figures for 1957 will also be published in *Informations Statistiques*

<sup>3)</sup> Exclusive of miners' bonus

# Trend in Direct Hourly Wages and Total Hourly Wage Costs in the Coalmining Industry <sup>1)</sup>

(underground and surface)

1953 = 100 <sup>2)</sup>

Country	1952		1953		1954		1955		1956		1956		1957	
	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage	Total cost	Direct hourly wage <sup>3)</sup>	Total cost	Direct hourly wage <sup>3)</sup>	Total cost	Direct hourly wage <sup>3)</sup>	
													1st quarter	2nd quarter
Germany (Fed Rep )	93 0	94 0	100	100	103 0	103 9	112 5	113 2	<sup>4)</sup> 124 5 <sup>5)</sup> 120 4	<sup>4)</sup> 134 5 <sup>5)</sup> 133 6	<sup>4)</sup> 139 6 <sup>5)</sup> 131 9 <sup>6)</sup> 149 5	<sup>4)</sup> 146 3 <sup>5)</sup> 133 3 <sup>6)</sup> 142 4	149 5	141 6
Saar	98 7	97 9	100	100	101 3	102 1	110 1	110 6	122 0	123 8	135 8	138 7	146 3	151 8
Belgium	99 2	99 1	100	100	100 8	101 2	103 6	105 0	109 5	111 8	129 4	133 8	133 3	133 5
France	99 6	97 1	100	100	102 2	102 0	111 9	112 6	121 6	125 9	137 4	144 8	149 2	154 8
Italy	—	—	100	100	102 7	106 0	109 4	115 4	118 3	—	118 1	—	130 6	142 4
Netherlands	98 8	98 9	100	100	109 0	110 2	116 8	122 2	125 7	134 5	144 3	154 2	157 9	151 7

<sup>1)</sup> For definition, see *Les Salaires et les Charges Sociales dans les Industries de la Communauté*, Luxembourg, May 1956, Vol I, section on wage costs and employers' labour charges (pp 10-14)

<sup>2)</sup> For wages in absolute figures for 1952-56, see *Les Salaires et les Charges Sociales dans les Industries de la Communauté*, Luxembourg, May 1956, and *Informations Statistiques*, Nos 4 and 6, 1956, and No 5, 1957. Figures for 1957 will also be published in *Informations Statistiques*

<sup>3)</sup> Indices for hourly wages allow for pay in respect of off-days granted in lieu of a general reduction in working time

<sup>4)</sup> First figure exclusive of shift bonus, second figure inclusive of shift bonus

<sup>5)</sup> Exclusive of shift bonus

204 Changes in wages during 1958 were made in consequence of

- a) new agreements on higher wage scales,
- b) increases under agreements signed in 1957,
- c) adjustments in production or productivity bonuses;
- d) the operation of the sliding scale.

205. There was very little collective-bargaining activity in the iron and steel industry and practically none in the mines. What there was was entirely confined to the first four months of 1958

The wages of Saar miners were increased by 3.5% with effect from April 1, under a collective-bargaining agreement signed on April 30.

The following developments were recorded in the iron and steel industry

- a) from January 1, 1958, minor adjustments to wage scales in the Netherlands,
- b) an increase of 5.3% in time rates and of 4.3% in other wages in North Rhine/Westphalia, under a collective-bargaining agreement signed on April 8 and having effect as from February 1,
- c) in France, two agreements in March making changes of approximately 4% in the wages of steelworkers in the departments of Moselle, Meurthe-et-Moselle and Loire

In short, the burst of anxiety to renew wage agreements, induced by economic prosperity, would now appear to be over. Although the iron and steel industry is in general not affected by the "lull", the member Governments' policy of stabilizing wages and prices has nevertheless made its effects felt in the industry.

206 In *Belgium* the wage situation improved as a result of the agreements signed in 1957 steelworkers received a wage increase of 2% thanks to the rise in productivity recorded in 1957

Other improvements followed increases in production and productivity in *France* and *Luxembourg* Thus the annual productivity bonus payable to French miners in June of each year was raised from 6,500 to 7,000 French francs, while the half-yearly performance bonus for the first six months was also increased from 9.41% to 9.78% of the wage paid in the Nord/Pas-de-Calais In *Luxembourg* the steelworkers' production bonus remained substantially the same, *viz* Bfr 3.42 per hour worked in September

207 The operation of the sliding scale led to wage increases in *France* and in *Italy*

The guaranteed minimum inter-industry wage in *France* was adjusted three times, on January 1, March 1, and June 1, by 4.33%, 4.04%, and 3.07% respectively These decreasing percentages reflect moreover a trend towards the stabilization of the cost of living which has been apparent since June

In the *French* mines, the special indexing system (Article 12 of the Miner's Code) resulted on March 1 in a 5.6% increase in wages actually paid, the housing allowance was also raised

In *Italy*, the sliding scale in respect of the *contingenza* (cost-of-living bonus) also came into operation on three occasions, producing an average increase of 5% between January and October

208 In several countries, however, the emergence of unemployment and dismissals affected the character of claims by the trade unions, which became chiefly concerned to secure guarantees for their members' incomes against increases in the cost of living (sliding scale), against sickness and old age (improvement in sickness insurance and pensions schemes) and against unemployment (guaranteed wage)

In *Belgium*, in view of the implications for the miners of the serious crisis in the coalmining industry, the regulations regarding allowances to miners on short time were provisionally amended by decree in September, the allowance to be paid even where unemployment is limited to one day

In *France*, changes were also made in the rates of unemployment benefit from July 15. In addition, the Government encouraged the setting-up of a "guaranteed wage fund" and following negotiations, an agreement was signed between the employers and the workers at the end of December. The fund is to be financed by contributions of 1% of the wages, in the proportion of 80% to be borne by the employers and 20% by the workers. The benefits will be added to the allowance at present paid by the local authorities and will amount to 35% of the mean daily wage during the reference period.

209. *Working week.* — Changes in the regulations and agreements in force in regard to the working week, or at least negotiations with a view to introducing such changes, took place in 1958 in all the countries of the Community except Belgium and Luxembourg.

In *Germany*, a long-term agreement was signed for the iron and steel industry on April 8, representing an extension of the agreement concluded in December 1957 in the metal-working industries. From January 1, 1959, a 44-hour week, at the same wage, will replace the 45-hour week. For blast-furnace workers the collective-bargaining agreement concluded in April 1957, providing for the introduction of a 42-hour week, came into force on February 1, 1958.

In the *Saar*, eight additional off-days a year, paid at the regular wage, were granted in the coalmining industry by a collective-bargaining agreement of June 4, applicable from April 1. In the iron and steel industry, an agreement in principle concluded at the end of October 1958 provides for the reduction of the working week from 56 to 48 hours in blast-furnace and coking-plants from February 1, 1959.

In *France*, the hours actually worked in continuously-operating departments in the iron and steel industry of Eastern France were reduced from 56 to 48, the agreement of December 13, 1957, having come into force on May 1, 1958, any loss of wages is compensated up to 65%.

In *Italy*, a reduction by an hour and a half in the working week of the iron and steel industry was agreed to on March 7. The reduction will be made either by cutting the number of hours worked per week or by granting additional paid holidays. Although it was progressively implemented during 1958 up to 70%, the agreement came fully into force only on January 1, 1959.



In the *German* coalfields, the collective-bargaining agreements in force were denounced as from December 31, 1958, by I G Bergbau, which is continuing its campaign and aims at getting the working week reduced as from January 1, 1959, to 37½ hours below ground and 40 hours at the surface

Negotiations are also in progress on the introduction of shorter hours in continuously-operating departments in the *Saar*

In the *Netherlands*, the Economic and Social Council in July stated its opinion on the five-day week and the possibility of reducing working hours. The Council outlined the principles of the policy to be pursued, basing itself on general considerations as to maximum national income, full employment, the balance-of-payments position and price-stability. In its view, the reduction in working hours should be kept as small as possible, should be introduced by stages and should not cause a rise in prices. The trade unions, however, hope that a first stage in the reduction of the working week, from 48 to 45 hours, will be reached as soon as possible.

210 *Other terms of employment.* — There were very few changes in labour legislation

In *Belgium*, boys under 19 are not allowed to work in the pits (law of July 15, 1957), but from the ages of 16 to 18 they may undergo vocational training in certain underground workings (decree of January 25, 1958), in addition, certain underground work is prohibited for young workers between 18 and 21 (decree of August 8, 1958)

In *France*, the regulations concerning dangerous jobs prohibited for women and children were renewed, the decree of July 19, 1958, which is a revised version of the previous texts, takes account of technical advances, and introduces certain improvements for the benefit of young workers. The jobs barred to women and boys are listed in two annexes to the new decree.

A few new regulations were introduced in France concerning dismissals and labour disputes. The period of notice was increased to one month, and it was made a rule that notice must be given by registered letter (law of February 19). In addition, by the decree of July 17, a new procedure was introduced with regard to mediation and conciliation in labour disputes. The new system for the settlement of collective disputes, introduced by the law of July 26, 1957, is now in force, its main features being a more comprehensive conciliation procedure and increased recourse to mediation.

In *Italy*, a Bill was introduced to make collective-bargaining agreements legally enforceable, and thus to guarantee to all workers of the same category a certain minimum of legal and economic protection.

Finally, a number of new arrangements were introduced in the Community with regard to the bodies responsible for terms and conditions of employment:

- a) in *Belgium*, by an agreement concluded on July 16 between the employers' and workers' organizations concerned, the powers of works councils were extended, in particular with regard to criteria for recruitment and dismissal. In addition, the law of January 24 conferred the status of a legal personality on the *Conseil National des Charbonnages*
- b) in *France*, a consultative committee on labour and employment problems was attached to the Directorate-General of Labour and Manpower, its duties being, when so requested by the Minister, to issue opinions and to study various aspects of labour and employment

211. *Social Security*. — There were not many structural reforms, but quite a number of amendments were made to the social-security schemes for workers in the Community, <sup>1)</sup> mainly in connection with pensions and family allowances.

In *Belgium*, the old-age and survivors' pensions scheme for miners was reorganized. Invalidity pensions were increased, and retirement pensions raised by 30% for underground workers and 20% for surface workers. The retirement pension for workers in other industries was also increased to Bfr 36,000 by the law of August 28.

In *France*, the raising of the ceiling of the income subject to compulsory social-security contributions from Ffr 528,000 to 600,000 as from January 1, 1958 (decree of August 23, 1957), was followed by increases in the maximum old-age pension and the maximum death grant.

By the operation of the sliding scale, mineworkers' pensions increased by 5% on April 1 and by 5.3% on June 1. Those of workers in other industries increased by 7.5%. In addition, supplementary retirement pensions are becoming more and more usual in the iron and steel industry, where many agreements now contain a clause to this effect.

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<sup>1)</sup> In *France*, however, an Order of December 31, 1958, amended a considerable number of the provisions in force concerning social security and family allowances.

In *Italy*, a law of February 20, raised the minimum benefits payable under old-age, invalidity, and survivors' pensions, and recognized entitlement to a thirteenth monthly payment

In *Germany*, the Social Council *Sozialbeirat* proposed an increase in pensions of 6 1% from January 1, 1959, in accordance with the procedure established at the beginning of 1957

## 212 Family allowances were increased in several countries

- a) In *Germany*, at the end of the year, they were raised from DM30 to DM40 for each child after the second
- b) In *Belgium*, an increase of Bfr 25 per month for each child after the first came into force on April 1, 1958. A decree of April 5 co-ordinated the existing legislation on family allowances
- c) In *Italy*, the operation of the sliding scale led in May to an increase in allowances of Lit 11 per day
- d) In the *Netherlands*, as partial compensation for the increase in the cost of living in the second quarter of 1957, a cost-of-living allowance of Hfl 0 10 per child per day was paid to workers earning less than Hfl 16 per day, with retroactive effect from January 1, 1958
- e) In *France*, more and more demands are coming in that family allowances should be increased, and in particular that they should be tied to the cost-of-living index.

## 213 A few other new arrangements in connection with social security may be mentioned

- a) In *France*, the raising of the ceiling of the income subject to compulsory social-security contributions also affected the maximum daily rates of sickness and maternity benefit and the maximum level of invalidity pensions
- b) In *Italy*, the benefit payable in respect of industrial accidents and occupational diseases have been increased, and the waiting period reduced from 10 to 4 days (law of April 3, 1958). In addition, important measures have been introduced with a view to standardizing and extending sickness-insurance benefits
- c) In *Luxembourg*, the standard maximum wage was raised from Lfr 220 to Lfr 260 per working day, which in turn helped to push up the maximum income entailing insurance contribu-

tions, and the level of social-security benefits (Grand Ducal Decree of March 26, 1958).

- d) In the *Netherlands*, changes were made in the proportion of unemployment contributions payable by the State, the employers and the workers respectively

#### ACTIVITIES OF THE HIGH AUTHORITY

214. *Wages.* — Over the past few decades, employers, workers and work-study experts have all gradually come to the conclusion that the problem of wages must be considered in the light of two main considerations, namely

- a) that wages must be fixed in direct relation to the level of productivity achieved,
- b) that wages are a major factor in productivity.

It should be added that the concept “wages” here connotes not merely the actual level of remuneration, but the whole system of wage structure, grading and fixing.

Recent studies have increased our knowledge of the factors in connection with remuneration which affect the behaviour of workers. The High Authority considered it its duty to encourage the pursuit and development of such studies. the object of the Common Market for coal and steel is, after all, “to contribute to the expansion of the economy . and to the improvement of the standard of living .. by establishing conditions which will in themselves ensure the most rational distribution of production at the highest possible level of productivity”

Inasmuch as wages are one of the factors which condition the standard of living, it was incumbent on the High Authority to encourage the study of the relations which so inextricably link wages and productivity.

The object of the various systems for tying wages to production, output and productivity is to enable the worker to benefit from his work, while at the same time influencing his behaviour in such a way as to cause him to improve his contribution to the production process.

The High Authority, in co-operation with the employers' and workers' organizations, assembled a collection of documentary material in order to pass on the details of the systems most in use in the Community industries, and thus help both sides to work out the best and most desirable courses of action in their discussions on the matter

But mechanization, works layout and organization and job planning and progressing are developing rapidly, and the individual worker often cannot help wondering whether it is really the right and natural thing that his wage should be tied to a level of production which he feels has less and less to do with him

For some time now it has been urged from various quarters that payment at piece rates or on the basis of output should be abolished in favour of a fixed wage. This development is being followed by the High Authority with particular attention, since, when the workers in an enterprise begin to consider the system of remuneration as fundamentally unjust, industrial relations and the whole working climate of the enterprise rapidly deteriorate.

The High Authority therefore asked research centres in the six Community countries to study how the individual worker affects productivity and how he himself feels he does so. Research is being carried out in works representing different stages of modernization (for example those with hand mills, with mechanized mills and with continuous-rolling mills), by means of job analysis and opinion studies

Production figures were also tabulated over against the respective wage systems employed, in an attempt to work out the manner in which the latter actually operate

The vast amount of material collected by the research centres is now being analyzed, and there is every reason to hope that the overall report will provide, if not full and

final solutions to the problems examined, at least most valuable food for thought and further discussion.

The results of enquiries into job-evaluation methods as practised in the Community iron and steel industry were published in September 1957. Several employers' and workers' organizations have since approached the High Authority to ask that fuller use should be made of the information thus compiled, and the whole problem gone into more thoroughly

In response, the High Authority in December 1958 arranged a three-day study conference attended by 150 experts from employers' and workers' organizations. These proceedings (a report of which is to be published) took place as part of the High Authority's work of furnishing guidance for both sides of industry, and helping them to find points of agreement satisfactory to all parties on a problem which is of such vital importance to every enterprise

215. *Terms of employment.* — The High Authority continued its efforts to promote improvements in the terms of employment by arranging for regular discussions between employers and workers.

Satisfactory results were achieved in 1958 with regard to the harmonization of the length of the working week.

The Joint Committee on the Harmonization of Terms of Employment in the Iron and Steel Industry completed its discussions and approved a report which describes the situation in the iron and steel industries of the Community in regard both to the general and to the continuously-operating departments.

It further expressed the hope that the report would be circulated to all concerned — employers, workers, and Governments — and publicly declared itself gratified by the

progress made since the adoption of the Consultative Committee's resolution of December 20, 1954

Progress has, in fact, been made in the reduction of disparities in all countries as a result of decisions taken after the facts had been established at Community level by the Joint Committee.

The Committee also decided to undertake similar studies concerning another aspect of terms of employment · while continuing to keep a watch on the progressive reduction of disparities in the working week, it will make a comparison of the employment position *de jure* (under enactments and/or collective-bargaining agreements) and *de facto* in the Community industries (recruitment, discharge, dismissal, etc )

216 The difficulties encountered in setting up a joint committee for the coalmining industry were successfully overcome <sup>1)</sup> It will be recalled that the employers' and workers' organizations had expressed the hope that this committee would be tripartite in character All the Governments finally accepted the High Authority's invitation and the Joint Committee on the Harmonization of Terms of Employment in the Coalmining Industry has already met three times — in June, July and October — under the chairmanship of a Member of the High Authority.

These meetings brought the employers and the workers closer together in standpoint The Committee first of all approved the comparative documents prepared by the departments of the High Authority on the various aspects of the hours worked in the coalmining industry It noted the disparities between the different countries, and in a joint declaration stated that, " aware of the need indicated in the

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol II, No 255)

Treaties establishing the European Communities to harmonize terms of employment in an upward direction, the Committee considers it desirable that both the employers' and workers' organizations and the Governments should take account in their activities at national level, and according to established procedure", of the facts established by the Committee

Several members also suggested that the Committee should meet regularly,

- a) to study such action taken in the different countries as has a direct bearing on the progressive levelling-up of the terms of employment,
- b) to study any disparities in respect of employment (recruitment, discharge, etc ) in the same spirit, and along the same lines, as it was doing those in respect of the working week.

The Committee noted these suggestions and referred them for action to the High Authority.

It was a matter for satisfaction to the High Authority to see that the studies by the two Joint Committees were developing parallel with its own information and documentation work. Thus 1958 also saw the publication of a thorough study by a group of experts in labour law entitled *La Stabilité de l'Emploi dans les Pays de la C E C A*.

217 *Family budgets of Community workers* — To form an accurate assessment of the level of living of Community workers, it is not enough to possess statistics on their wages, earnings and incomes. Detailed information on the structure and level of family expenditure and consumption is also essential.

For this reason the High Authority has just carried out, in co-operation with the national bureaux of statistics of the six countries of the Community, a country-by-country family-budget survey covering approximately 2,000 families of workers employed in the Community industries



This survey, which is the first of its kind at international level, was organized with the help of a committee of experts consisting of representatives of the Governments, the employers and the workers. Thanks to the very active co-operation of the national bureaux of statistics, the experts were able to agree on the methods and directives to be used in all six countries, thus guaranteeing comparable results.

The families studied, all of whom came forward voluntarily and consisted of husband, wife and two dependent children under 13 or 14 years of age, were selected as far as possible at random, although certain criteria were observed in order to ensure that they were sufficiently representative.

They were distributed over the six countries as follows

Germany (Fed. Rep.)	452
Saar	161
Belgium	288
France	440
Italy	302
Luxembourg	173
Netherlands	170

The survey was conducted on the basis of housekeeping books that is, the families studied noted down, every day for one year, in as detailed a form as possible, all elements of income and every item of expenditure.

218 The first results of the survey, published in *Informations Statistiques* October 1958 (5th year, No. 6), give the overall figures which have been computed from the considerable quantity of material collected.

A great deal of work will still be needed to analyze in detail the information obtained, which has involved the establishment of one million punched cards. The final results will be published later.

219 The table below contains some of the most significant figures concerning the expenditure and consumption of the families studied.

“Expenditure” covers cash purchases only, while “consumption” includes allowances in kind from the employer (free or low-rent housing, concessionary coal, gas, electricity, clothing, etc.), home-raised garden and animal produce, and gifts from other sources.

The different items of expenditure and consumption were classified in accordance with a very detailed nomenclature, based on those in use in the Community countries

220 *Family expenditure* — The first results reveal, on examination, that there are considerable disparities from one country to another between the expenditure percentages of the different groups, as may be seen from the following table

### Breakdown of Community Workers' Expenditure 1956-1957

Expenditure	(in %)						
	Germany (Fed Rep) excl Saar	Saar	Belgium	France	Italy	Luxembourg	Netherlands
<i>Coalmining industry</i>							
1 Food	42.8	38.0	43.1	51.9	59.1	—	40.3
2 Housing	17.9	17.2	15.5	11.1	9.9	—	20.2
3 Clothing	12.0	13.7	12.0	12.8	10.3	—	13.3
4 Other expenses	27.3	31.1	29.4	24.2	20.7	—	26.2
Grand total	100.0	100.0	100.0	100.0	100.0	—	100.0
<i>Iron-ore mines</i>							
1 Food	42.0	—	—	39.7	60.4	38.1	—
2 Housing	18.4	—	—	18.4	11.9	14.5	—
3 Clothing	11.3	—	—	13.3	10.5	13.2	—
4 Other expenses	28.3	—	—	28.6	17.2	34.2	—
Grand total	100.0	—	—	100.0	100.0	100.0	—
<i>Iron and steel industry</i>							
1 Food	41.3	39.4	41.4	47.4	52.2	38.0	39.2
2 Housing	19.4	20.0	18.2	15.8	16.9	16.8	24.1
3 Clothing	11.2	12.8	10.8	11.3	8.4	13.2	11.8
4 Other expenses	28.1	27.8	29.6	25.5	22.5	32.0	24.9
Grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

221 *Coalmining industry.* — Expenditure on food was relatively lowest in the Saar (38%), and highest in Italy (59.1%), France coming second with 51.9%

The difference between the country with the highest expenditure on food and that with the relatively lowest was more than 21 points. The difference between expenditure on food by the miners of Germany,

Belgium, the Saar and the Netherlands are much smaller, the disparity between the highest and the lowest (Belgium and the Saar) being about 5 points

These disparities are due mainly to differences in income and consumer habits from one country to another

With regard to housing, considerable differences were also recorded among the various countries "Housing" was taken as covering not only rent but also expenditure on heating, lighting, household effects such as crockery and linen, furniture and furnishings, labour-saving appliances, etc

The highest relative expenditure in this category was recorded in the Netherlands (20·2%), and the lowest in Italy (9·9%), closely followed by France (11·1%) In Germany, the Saar and Belgium, expenditure under this head varied between 15 and 18% of the total

Expenditure on clothing showed no major variations It was proportionally the highest in the Saar (13·7%) and lowest in Italy (10·3%), Germany coming next with 12%

222 *Iron-ore mines.* — The pattern of family expenditure for workers in the iron-ore mines also varies a good deal from country to country The Italian iron-ore miner heads the list, with 60·4% of his income going on food, while the lowest percentage is recorded in Luxembourg, *viz* 38·1% The differences between Germany, France and Luxembourg are less striking

The lowest expenditure on housing was that in Italy (11·9%), followed by Luxembourg with 14·5% and France and Germany with 18·4%

223 *Iron and steel industry* — The first point to emerge from examination of the steelworkers' family budgets is that the differences from one country to another in respect of the various individual groups are less marked than in the case of workers in the other two industries Thus between the group of families with the highest relative expenditure on food and that with the lowest (the Italian and Luxembourg steelworkers respectively), the difference is about 14 points, as compared with 21 and 22 for the coal and iron-ore miners

The percentage of expenditure going on food is approximately the same in Germany, the Saar, Belgium and the Netherlands In France it is relatively high, French steelworkers' families spending more than 47% of their total outgoings on food



Moreover, the differences between countries are less marked in the consumption than in the expenditure account, the position of each country as regards the relative percentage of the main groups is, however, much the same in both accounts, except in the case of housing, where the consumption account brings out the importance of allowances in kind where a worker is housed free, or at a reduced rental by the enterprise, or owns his accommodation himself

The proportion represented by consumption of food is much the same as between one industry and another in Germany, the Saar, Belgium, Luxembourg and the Netherlands. There are, however, considerable differences as between the countries: thus German iron-ore miners spend more than 41% of their budget on food, while their Luxembourg counterparts spend only 36%.

The biggest disparities are those in France and Italy. In these countries, foodstuffs are a more important item than elsewhere, representing from 46 to 58% of the total budget, according to industry: nevertheless, in the case of the French iron-ore miners the share is much smaller, only about 38%, so that their pattern of consumption is much the same as in the first group of countries listed.

The percentage going on housing is very similar in all countries, accounting for about 20-24% of the total, except in the case of Italian iron-ore miners, where it is only 15%.

Consumption of clothing amounts to approximately 10-12%, although here again Italy is an exception, and in particular the Italian steelworkers, for whom the figure is only 8%.

225 The survey yielded information not only on expenditure and consumption percentages, but also on the actual quantities consumed (more particularly of foodstuffs), the families having been asked to note these for a number of specified products.

Although the table following indicates some considerable differences between the six countries, it is clear none the less that broadly speaking, the quantities of basic foods consumed are pretty similar everywhere. This is borne out particularly in the case of cereals, meat, potatoes, fresh vegetables and fresh fruit.

Italy does, however, differ in certain respects from the other countries: fish is eaten there to some extent in place of meat, and fresh vegetables and fruit in place of potatoes.

National dietary habits are particularly reflected in the consumption of such products as fresh milk, eggs, wine, beer and coffee.

**Principal Items and Quantities of Food Consumed Annually by  
Families of Community Workers, 1957**

Item	Unit	Germany (Fed Rep.) excl. Saar	Saar	Belgium	France	Italy	Luxembourg	Netherlands
<i>Coalmining industry</i>								
Cereals	kg	340.8	384.2	414.3	412.0	694.3		373.8
Meat	kg	130.2	141.8	151.1	143.8	89.6		117.4
Fish	kg	19.8	13.0	11.5	14.6	44.2		14.5
Fresh whole milk	litre	347.0	390.9	404.8	373.4	119.1		589.7
Shell eggs	units	678.0	796.0	527.6	448.3	472.0		785.0
Potatoes	kg	562.7	583.7	558.9	593.1	115.0		478.6
Fresh vegetables	kg	121.2	159.2	118.2	162.4	272.3		166.6
Fresh fruit	kg	176.3	183.7	133.2	163.4	233.9		157.5
Wine	litre	8.0	17.1	96.3	234.0	308.6		1.8
Beer	litre	80.3	109.9	156.7	231.6	5.9		15.6
Coffee	kg	5.8	5.9	16.6	17.0	4.8		7.8
<i>Iron-ore mines</i>								
Cereals	kg	350.1			400.4	746.3	382.8	
Meat	kg	134.7			159.3	100.3	175.2	
Fish	kg	13.9			13.8	70.8	16.0	
Fresh whole milk	litre	361.2			514.5	305.8	435.3	
Shell eggs	units	582.0			408.4	627.0	688.0	
Potatoes	kg	577.0			381.7	158.0	526.6	
Fresh vegetables	kg	125.4			113.3	163.3	124.6	
Fresh fruit	kg	162.8			177.3	146.5	186.2	
Wine	litre	6.2			346.3	397.2	42.4	
Beer	litre	92.9			76.4	0.0	53.3	
Coffee	kg	3.4			12.4	5.7	13.7	
<i>Iron and steel industry</i>								
Cereals	kg	317.6	365.7	374.1	391.8	541.9	343.1	329.4
Meat	kg	128.3	129.0	134.0	143.3	126.5	171.2	86.0
Fish	kg	19.6	13.2	11.3	14.0	31.3	15.6	19.9
Fresh whole milk	litre	402.0	378.5	387.6	382.7	328.3	427.3	672.0
Shell eggs	units	634.0	718.0	570.0	340.0	473.7	716.0	422.0
Potatoes	kg	545.0	564.0	523.0	431.7	144.1	569.0	420.0
Fresh vegetables	kg	124.9	140.9	118.8	147.0	217.2	142.2	199.2
Fresh fruit	kg	173.4	175.8	146.8	137.2	259.5	218.1	181.3
Wine	litre	7.0	19.3	1.1	338.3	339.4	40.6	1.3
Beer	litre	98.5	77.4	105.6	122.4	44.4	49.5	8.6
Coffee	kg	5.3	6.7	12.6	12.7	6.6	10.3	7.3

The most striking differences are in the consumption of wine and beer in France and of wine in Italy, which is very large in comparison with the other countries. In the Netherlands shopping basket these beverages are a negligible item, whereas milk is consumed in much larger quantities than elsewhere.

Such, then, in broad outline, are the first results of the High Authority's family-budget survey in respect of Community workers.

A considerable amount of work, however, still remains to be done. More accurate interpretations will have to be published in respect of the data recorded, on the basis of a very much more detailed nomenclature. Again, it will be necessary to carry out an analysis by individual producer areas, and to subdivide the miners surveyed according as they are underground or surface workers.

It is also planned to make a statistical and econometric analysis of the results, for dispersion values, adjustments, correlations, elasticity factors, etc.

This country-by-country survey was the first of its kind to be attempted in European countries on the basis of uniform methods. There can be no possible question but that, thanks to long and meticulous preparation and the sustained and efficient co-operation of all those responsible in the six countries, the majority of the difficulties inherent in this type of research were overcome, and it can definitely be stated that the undertaking was a success.

226 *Assistance for the building of workers' houses.* — Since the publication of the last Annual Report, work on the construction of workers' houses has continued satisfactorily.

By January 1, 1959, the High Authority had approved, in all, arrangements for the financing of 34,401 housing units, of which 18,351 were already completed and 11,762 under construction, and had set aside 55.8 million E.M.A. units of account for this purpose.

Of the 34,401 housing units, 19,164 were intended to be let, and 15,237 to be available for ultimate ownership by their occupiers.

The table below shows the stage now reached in operations under the four building schemes, *viz*

- a) the first and second experimental schemes,
- b) the first and second schemes assisted by High Authority loans

**Position of the E.C.S.C.-Sponsored Building Operations, at  
January 1, 1959**

(all four schemes) <sup>1)</sup>

Country	Units planned	Units financed	of which		
			Units in preparation	Units building	Units completed
Germany (Fed Rep )	25,200	24,320	1,606	6,874	15,840
Saar	1,000	898	85	718	95
Belgium	2,850	1,920	156	665	1,099
France	4,350	3,231	806	1,692	733
Italy	1,168	392	324	—	68
	2,000 <sup>2)</sup>	2,342	821	1,290	231
Luxembourg	125	75	—	25	50
Netherlands	1,304	1,223	490	498	235
Community	37,997	34,401	4,288	11,762	18,351

<sup>1)</sup> Experimental Schemes I and II, Building Schemes I and II (loan-aided)

<sup>2)</sup> Ina-Casa scheme

227. The High Authority's financial assistance for the building of houses for workers in the Community industries takes a number of forms. Thus

- a) the High Authority borrows long-term capital from banking institutions;
- b) without borrowing itself, it concludes agreements in certain countries — more particularly in France — whereby banking houses specializing in this type of operation grant loans at reduced interest rates;
- c) it makes grants for “experimental” building schemes, normally out of funds derived from the levy, in accordance with Article 55 of the Treaty,
- d) finally, it draws upon the “Special Reserve” <sup>1)</sup>

<sup>1)</sup> See the High Authority's Financial Reports



built up from interest payments on bank deposits and investments and on loans from its own funds, as well as from the proceeds of fines and interest on arrears.

From 1952 to 1958, the sums transferred to the Special Reserve and set aside for assistance in the financing of workers' housing were as follows

	( <i>'000 units of account</i> )
1952-1953	—
1953-1954	615
1954-1955	1,625
1955-1956	3,448
1956-1957	4,735
1957-1958	5,639
July 1, 1958 — December 31, 1958	2,640
Total	18,701

228. Financing operations in connection with the second loan-aided building scheme continued during 1958, and have now been completed, except in the *Grand Duchy of Luxembourg* <sup>1)</sup>

As regards *Belgium*, the High Authority granted the *Société Nationale du Logement*, Brussels, a loan of Bfr 120 million, to be used to build houses for Community

Of this sum,

- a) Bfr 30 million came from the High Authority's own funds, and was lent for 25 years at 1 125%,

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol 2, Nos 281 ff)

- b) Bfr. 90 million came from the loan raised by the High Authority from the *Etablissement d'Assurance contre la Vieillesse et l'Invalidité*, Luxembourg, and was lent for 25 years at 5.625%

As regards *France*, the *Crédit Foncier de France* undertook, by an agreement concluded with the High Authority, to grant loans at 4.25%, instead of the usual 6.80%, to a total of Ffr. 1.500 million (3 million E.M.A. units of account).

It will be possible to build one thousand housing units as a result of this agreement, which covers about 40% of the building costs

229. The High Authority's participation in the financing of the second scheme is made up as follows

- a) 18.8 million units of account as a direct commitment, subdivided as follows ·
- (i) 14.4 million from the Special Reserve,
  - (ii) 3 million from borrowings,
  - (iii) 1.4 million from other funds,
- b) 18.9 million units of account obtained by the High Authority from banking houses in the Community countries

The two tables following show

- a) a general picture, by countries, of the financing of Scheme II;
- b) distribution, by countries, of the housing units provided for under Scheme II

### High Authority Contribution to the Financing of Housing Scheme II (loan-aided)

('000 000 units of account)

Country	Units planned	Total cost	E C S C contribution			E C S C participation (%)
			direct	indirect	total	
Germany (Fed Rep )	14 000	80 0	7 1	10 7	17 8	22
Belgium/Luxembourg	1 200	5 9	4 6	2 1	5 9	100
Italy	2 500	11 2	2 4	0 6	2 7	24
Saar	600	2 6	0 6	1 3	1 8	50
France	1 000	7 5	3 0	—	3 6	40
Netherlands	1 200	5 4	1 1	4 2	5 3	98
Community	20 500	112 6	18 8	18 9	36 5	33

### Distribution by Countries of Housing Units Built or to be Built under Scheme II (loan-aided)

Housing units	Germany	Saar	France	Italy	Netherlands	Total
Units planned	14 000	600	1 000	2 500	1 200	19 300
Units financed	13 263	570	741	2 466	1 017	18 057
of which to be let	9 328	436	90	1 171	1 017	12 042
to be available for ownership by occupiers	3 935	134	651	1 295	—	6 015
Units in preparation	1 356	83	223	945	338	2 945
of which to be let	753	8	10	410	338	1 519
to be available for ownership by occupiers	603	75	213	535	—	1 426
Units building	5 544	474	501	1 290	498	8 307
of which to be let	3 819	428	80	645	498	5 470
to be available for ownership by occupiers	1 725	46	421	645	—	2 837
Units completed	6 363	13	17	231	181	6 805
of which to be let	4 756	—	—	115	181	5 052
to be available for ownership by occupiers	1 607	13	17	116	—	1 753

230. *Scheme III* — To ensure continuity in its policy of assisting the building of workers' housing, the High Authority decided to launch a third scheme, and to set aside 15 million E M A. units of account from its own funds, to be used during 1959 and 1960

This sum will be supplemented by funds raised on the national money markets, so that the total direct and indirect contribution of the High Authority will amount to between 30 and 40 million units of account

The credit of 15 million set aside by the High Authority for its provisional Scheme III will come in the main from the Special Reserve, and will be made up as follows

4 5 million units of account . balance at December  
of the sums transferred  
to the Special Reserve  
and set aside for work-  
ers' housing.

8-10 million units of account . interest earnings  
1959-60

0 5 million units of account . redemption payments  
on earlier loans

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13-15 million units of account

At the worst, the shortfall of two million units of account could undoubtedly be covered by borrowing or by agreements with banking institutions

231. The High Authority decided forthwith to grant assistance to a total of 7,140,000 units of account, or DM 30 million, for the building of housing units under Scheme III in *Germany* : of this, DM 18 million will go on housing for miners and DM 12 million on housing for steelworkers.

The DM18 million earmarked for the building of houses for *miners* will be used to finance a scheme which will provide about 8,000 housing units at a total cost of DM190-210 million

The first tranche of DM5 million has been supplemented by a credit of DM10 million advanced by the Kreditanstalt für Wiederaufbau

A second tranche of DM13 million will be supplemented by a loan of DM 26 million raised in the German capital market through the *Rheinische Girozentrale und Provinzialbank*, Dusseldorf, and the *Landesbank für Westfalen*, Münster. The High Authority will lend its DM13 million for a period of  $33\frac{1}{2}$  years at 1.25%, while the DM26 million furnished by the two banks will be lent at 5.65% for the same period. In this way the banks will be able to place a total of DM39 million at the disposal of the housing associations for a period of  $33\frac{1}{2}$  years at an interest rate of 4.75% and an annual redemption rate of 6%.

Of the sum of DM12 million set aside for housing for *steelworkers*, a first amount of 5.4 million has been made available by the High Authority for building operations during 1959. This amount will be supplemented by 21.6 million made available by German social-security institutions (*Landesversicherungsanstalten*). The High Authority will lend its own funds at 1.05%, thus offsetting the higher rate of 5% payable on the supplementary funds. In this way it will be possible to make available at 4.25% the total sum of DM 27 million, which will finance about 4,000 houses costing in all DM100-110 million.

The credits will be extended to the housing associations through six mortgage banks for  $33\frac{1}{2}$  years at an interest rate of 4.75% and an annual redemption rate of 6%.

that the answers given were honest ones, and, in particular, that the questions were properly and uniformly understood. The investigators had received special training beforehand, and were in possession of very precise definitions of all the questions. These uniform definitions for the six countries had been established by experts after thorough and detailed discussion.

The survey will provide information on structure of family, size of household, type of housing ("emergency", temporary, hutments, hostels, private or communal dwellings, etc.), owner (employer, private person, building society), year of construction, number of rooms, floor space and principal amenities, distance from place of employment, and so on. The workers were also asked whether they would like to move, and why.

No major difficulty was encountered while the survey was being conducted. The proportion of refusals, and failures to contact the worker after several visits was relatively low, working out on the average at about 4%. The questionnaires were first checked by the Bureaux of Statistics and then forwarded to the High Authority, which, after the necessary preliminary operations (various further checks, correction and weighting of samples) began the work of evaluation proper. The first results should be available early in 1959, and will afford strictly comparable information on the housing situation of workers in the Community.

### **Section 3 — Industrial Health, Medicine and Safety**

#### *DEVELOPMENTS IN THE COMMUNITY*

234 Various steps were taken in the different Community countries to ensure better protection of the workers in the coalmining and iron and steel industries against industrial accidents and occupational diseases, and to promote the scientific and technical study of matters relating to health and safety.

Improvements included in particular the extension of works medical services, rehabilitation services and hospital facilities for miners and steelworkers generally.

In *Germany*, studies are in progress with a view to altering the legislation regarding industrial accidents and the protection of young workers, and extending the official schedule of occupational diseases. The new instructions on surveillance of colliery jobs and recruitment prepared by the Steinkohlenbergbauverein were finally introduced in the

collieries, and the Steinkohlenbergbauverein also opened at Essen-Kray a research centre several sections of which are concerned with the underground micro-climate and the pneumoconioses. The Ruhrknappschaft opened a new miners' hospital in Dortmund, while the Landesversicherungsanstalt in Bielefeld completed the construction of a special clinic for the treatment of respiratory diseases.

In *Belgium*, arrangements concerning "safety, health and work-place improvement" were recast (Royal Decree, *Moniteur*, March 31, 1958), and the legislation in respect of the National Fund for the training, rehabilitation and social reclassification of handicapped persons was improved. New measures include

- a) the establishment at national level of a rescue-centre co-ordinating service at Charleroi, and at regional level of a central rescue service for the Campine,
- b) the creation of a section dealing with the treatment of silico-tuberculosis at the Pellenberg University Sanatorium,
- c) the opening of the St Barbara miners' clinic established at Lanaken by the Association Charbonnière de Campine at the instigation of, and in collaboration with, the Institut d'Hygiène des Mines at Hasselt,
- d) the construction of a new miners' hospital at Charleroi,
- e) special arrangements for rehabilitation treatment in the Hôpital de l'Espérance at Saint-Nicolas-les-Liège,
- f) the building of an institute of industrial medicine at Loverval, near Charleroi.

In *France*, new regulations were introduced supplementing the system of medical pneumoconiosis prevention. The medical examination of miners for silicosis-prevention purposes, and the conditions with regard to the radiological equipment used for these examinations, were the object of a Decree of March 18, 1958, which embodies the findings of recent scientific work.

A Decree and circular of April 15, 1958, laid down the methods to be used in compiling statistics and personal record cards to enable the evolution of the risk of silicosis to be followed.

Illness due to manganese dioxide was among the additions to the schedule of occupational diseases. The crushing and bagging of basic Bessemer slag containing manganese dioxide were included in the list of jobs liable to induce this complaint. Finally, at Merlebach, in Central Lorraine, a new lung-examination centre was set up, reinforcing the prevention group already operating in the area.

In *Italy*, Parliament gave the Government full powers to lay down new directives concerning mining regulations, in replacement of the existing arrangements, which date from 1893-1907 proposals are now before the Consiglio Superiore delle Miniere, which is due to give its opinion at the end of the year. New legislation (law of March 21, 1958) was introduced in respect of material and moral assistance to disabled workers. In addition, a new traumatological hospital was opened in Naples.

In the *Grand Duchy of Luxembourg*, the State health laboratory was considerably modernized and enlarged, and a department was set up for the study of industrial dusts and air pollution.

In the *Netherlands*, where a Bill is being drafted making the organization of works medical services compulsory, a Scientific Institute of Sensory Functions was attached to the Technical High School at Eindhoven, in the coalmining sector, a centre was opened to be responsible, *inter alia*, for carrying out the examinations and expert assessments necessary for determining degrees of invalidity.

#### WORK OF THE HIGH AUTHORITY

235 1958 was marked by very satisfactory progress under the first four-year programme of research on industrial health and medicine, and by the launching of the second programme of research on industrial health and safety.

Co-operation continued in these fields with international organizations, notably I.L.O., with the other European Communities, and with third countries.

Great Britain and Austria now send experts to the meetings of the scientific committees, thus extending the field of information.

236 *Industrial health and medicine.* — Of the various research operations begun in 1956, several produced important practical conclusions in 1958.

- a) numerous improvements were made in methods of diagnosing occupational diseases, and of detecting occupational injuries to health, thus adding to the fund of accumulated knowledge available to hospitals and works medical and safety departments,



- b) the processes by which diseases such as silicosis become apparent still demand basic research, but definite progress was made in this connection, opening the way to new research of great value.

The progress accomplished facilitated the drawing-up of the skeleton research programme for 1958-59, which has aroused lively interest in the Community.

Up to October 1, 1958, a total of 1,149,718 E.M.A. units of account had been committed, of which 1,033,318 went on 168 research projects proper, and 116,400 on supplementary activities to encourage contacts between centres and research workers (visits by experts, study trips, training expenses for young researchers, etc.).

As in preceding years, the High Authority's work to promote research and study in the field of industrial health and medicine took the form of financing research, organizing contacts, and assembling and providing information

Certain advances of an essentially technical character cannot be described in detail here, such as, for example, work on the standards for apparatus indicating the incidence of atmospheric factors on the job, on the characteristics of noise, on toxic gases, on the standardization of methods of examining the respiratory and circulatory functions, and on agreements concerning the indications and contra-indications of certain treatments in sufferers from silicosis and emphysema.

Only points of a more general character recently brought to light are discussed in the subsections following.

237. *Fundamental research on silicosis* — Two main problems are under study at fifteen research centres, viz

- a) the inhalation of dusts by the bronchial mucous membrane;
- b) the mechanisms of conflict between these dusts and the lung tissues

With regard to the elimination of dust, animal experiments have been performed with a series of chemical substances which can act on the bronchial mucosa. It was found that certain of the substances modified the functioning of the mucosa in a manner favourable to elimination. It will be necessary to continue these tests on laboratory animals over a considerable period before they can be extrapolated for preventive purposes in respect of human beings.

Light is being thrown progressively on the mechanisms of conflict between dusts and the lung tissues. The progress made is due to the use of modern biological facilities, including in particular the electronic microscope, tissue culture and immunological techniques.

It has now been established that the fairly fine dust particles (below 3 microns) which escape elimination by the bronchi penetrate into the interior of the lung, where they induce a mobilization of the cells known as phagocytes, whose function is to engulf the particles and remove them via the lymphatics to the hilar ganglia.

When dealing with inert dusts, the phagocytes carry out their task without undergoing any alteration, and the purification of the lung is duly effected, unless dust has been inhaled in such excessively large quantities that the phagocytes are unable to cope with it.

On the other hand, in the presence of toxic dusts, such as quartz dust, the phagocyte defence gives way. The phagocytes die and release the quartz particles, which are engulfed by new phagocytes which in their turn die. All these assault waves set off a chain of reaction phenomena culminating ultimately in fibrosis, *i.e.* hardening of the lung, with all the harmful effects which this involves on the respiratory and circulatory functions of the organ.

The Clinica del Lavoro in Milan and the Turin Institute of Pathological Anatomy carried out new experiments which supported their thesis as to the immunological role of these reaction phenomena. The results of this work were the subject of a lively discussion at a meeting dealing with mining pathology held in Paris in October 1958. Although the great majority of those attending agreed that these immunizing processes do in fact take place, it is nevertheless necessary to go ahead with studies to identify the exact nature of the substances which set off these processes in the lung, *i.e.* the antigen-antibody reaction considered as the origin of subsequent hyaline fibrosis.

For some considerable time, industrial medical officers have noted that some miners are relatively "silicosis-resistant", and show only a slight tendency to contract pulmonary lesions although exposed to the silicosis hazard. Others are more inclined to develop lesions, and have been termed "silicosis-sensitive". It would seem that this special sensitivity causes the organism to react to the presence of quartz dust.

by a marked precipitation of antibodies. Valuable work has been done in connection with these observations at the Sin-le-Noble centre.

Several centres are studying methods of reducing the conflict between quartz and living tissues by means of drugs. Cerchar, the study and research centre of the Charbonnages de France, has found that certain cortisone derivatives and substances such as butazolidine and 'mouvène' modify the behaviour of living elements in the presence of quartz.

238 *Cardio-respiratory function.* — The complex mechanisms of the cardio-respiratory function have been the subject of much study, part of which was finally completed in 1958.

Experts have long complained of the great diversity of technical methods and the multiplicity of criteria of normality which complicate the task of the physicians. At the suggestion of the High Authority, a committee of chest experts was set up to try to harmonize the techniques in current use and to establish formulae for the rational prediction of maximal respiratory variations.<sup>1)</sup> The committee asked the Institut de Recherches Cliniques et Experimentales de Physique in Paris to prepare an *aide-mémoire* on spirometrical practice and scientific work in connection with standardization.

During 1956 many thousands of reports on functional tests on normal subjects were submitted by laboratories in Community countries. The *aide-mémoire* on spirometrical practice and the prediction formulae worked out from these contributions were sent to the various laboratories for appraisal. On the basis of the comments forthcoming, a supplementary investigation was undertaken by the Institut in 1958 in order to determine with accuracy the limit values below which the various respiratory volumes would be considered abnormal. The report subsequently presented to the experts in September 1958 has been finally approved, which marks a major step forward in the lining-up of physiological techniques.

The *aide-mémoire* on spirometrical practice, the prediction formulae and the monograms and reference tables will be distributed on a wide scale to assist industrial medical officers, hospital doctors and other experts who have to decide the degree of functional impairment in miners and steelworkers.

Other standardization work will be undertaken later on the gaseous exchange in the lungs and blood.

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol. II, No. 259).

The causes and repercussions of cardio-respiratory insufficiency are the subject of research concentrated, *inter alia*, on impairment of pulmonary elasticity, disorders in the distribution and diffusion of gases in the lung, and circulatory insufficiency

New methods have been tried in the analysis of arterial blood, and the Laboratory of Experimental Pathology of the University of Nancy has worked out more rational function tests for the detection of deteriorations in the cardio-respiratory function

Some laboratories have adopted the infra-red doser, which has the advantage of indicating immediately the composition of the gases exhaled <sup>1)</sup> Experiments are now in progress to make the infra-red method as accurate as possible.

239 *Emphysema-bronchitis* — Certain injuries to health of occupational origin are not themselves of such a nature as to provoke a condition favourable to the development of emphysema

Two fundamental difficulties complicated the examination of this question, *viz*

- a) differences as to the concept "emphysema",
- b) ambiguous terminology

As a result of the meetings of experts organized by the High Authority, it was possible to establish the functional criteria for emphysema and define the emphysematous condition, and to determine the extent of the deviation from normal beyond which emphysema must be suspected

A working party of morbid anatomists undertook to define, classify and establish scientifically the incidence of emphysema as occurring in anatomical specimens

A scheme was prepared for the systematic comparison in the various centres of anatomical findings and clinical records in respect of subjects engaged in various occupations This should enable possible causes and origins of emphysema to be accurately pinpointed

Agreement among the experts was greatly facilitated by the very efficient research work carried out in various European centres on the physio-pathology and clinical signs, symptoms and treatment of emphysema

New details were supplied by the Charles Nicoll Laboratory of Functional Exploration at the Hôpital Saint-Antoine, Paris, in con-

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol II, No. 259)

nection with criteria for the prognosis of emphysema. The Bethanien-krankenhaus, Moers, completed its statistical evaluation of the clinical and radiological examination of 9,935 coalminers.<sup>1)</sup> the results show that in miners not affected by pneumoconiotic lesions the incidence of emphysema rises almost continuously with age

240 *Radiological diagnosis* — A number of satisfactory developments have taken place in the field of radiological diagnosis

- a) Thanks to improvements in radiographic technique, it is now possible to detect lesions of less than 0.8 sq. mm. These improvements are the result of a wider selection of appropriate tubes, special fluorescent screens, super-sensitive films not subject to fogging, and filters specially adapted for radiography.
- b) The radiographic method has been adapted for direct enlargement and tomography
- c) Special techniques have been developed enabling radiographs to be obtained which show with particular clarity certain localized sectors such as silicotic ganglia

241 *Pneumoconoses in the iron-ore mines.* — In animals the inhalation of iron-ore dust induces a number of widely-differing conditions, for which the Clinica del Lavoro in Milan has been endeavouring to find the explanation by carrying out a number of physical, mineralogical and chemical studies on ores from the various orefields of the Community

It was found that rocks differ considerably, according to their composition, in their capacity for producing fine siliceous dusts. These dusts have a silica content governed not only by the mineralogical and petrological character of the rock, but also by the mechanical properties of its components (resistance to wear and compression, hardness, brittleness, etc.) The different dust-producing capacities were studied, and a classification was prepared listing the rocks according to their noxious-dust content

Some very important clinical research was carried out in the French iron-ore mines, and a radiographic lung examination was made of all the miners in the industry

Examination of the first series of 10,000 radiographs revealed  
200 with pin-head lesions,  
95 with micro-nodulation,  
1 with nodulation,  
5 with larger lesions

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<sup>1)</sup> See *Sixth General Report of the High Authority*, April 1958 (Vol. II, No. 259)

Research has now been begun with a view to determining the significance of these 300 abnormal appearances

The Laboratory of Experimental Pathology at Nancy detected ventilatory disorders in iron-ore miners which would appear to indicate bronchitic or emphysematous conditions

242. *Treatment of silicosis and silico-tuberculosis* — Although the research programme was not specially focused on problems of silicosis treatment, conclusions of great therapeutic interest were reached as a result of certain research on the  $\text{CO}_2$  concentration in the blood

The Bergmannsheil Hospital, Bochum, has found that the oxygen therapy of silicotics and serious emphysema cases is best carried out in hospital, since as a result of inhalation  $\text{CO}_2$  may be retained in the blood and give rise to complications

The Working Party on Treatment of Silicosis and Silico-Tuberculosis engaged in a large-scale exchange of experience in connection with the treatment of marked pneumoconiosis and of bronchitis, and concluded that the study of the treatment of the nodules and larger masses in the negative-sputum pneumoconioses must be actively pursued

Examination of the infective, spasmodic and congestive factors responsible for the various forms of bronchitis made it clear that extensive research will be needed to orientate treatment effectively

Experts expressed the view that investigations should be made into the incidence of bronchitis in miners, steelworkers and other occupational groups

In addition, the experts submitted a questionnaire to hospitals with which they were personally in touch, in order to establish a list of present therapeutic resources in respect of bronchitis and silicosis

243 *Carbon-monoxide poisoning* — Research carried out at the Clinica del Lavoro in Milan to compare the accuracy and suitability for introduction elsewhere of the various methods for measuring the CO content of the blood indicates that the measurement of CO in air exhaled, according to a technique propounded by Dr Parmeggiani, is regarded as sufficiently accurate for present purposes. This technique, which requires few manipulations and is immediately indicative, has been recommended for current practice

Technological studies and research are now so advanced that it is planned to produce a manual on methods of measuring CO in the air and in the blood. The basis for this publication, a working paper by the Institut Malvoz, Liège, is now being supplemented by details assembled from the various centres in the Community countries.

Research was also carried out on the CO-poisoning hazard. In two iron and steel concerns it was found that in certain departments the CO content of the air was so high that it should have been reported, more particularly in those parts of the works which were badly ventilated, and also when work was restarted after a temporary stoppage. Workers at these points had a higher carboxyhaemoglobin count, in spite of most careful clinical examination, however, it was not possible to detect specific clinical signs in these men which could serve as criteria for the diagnosis of chronic CO poisoning. Systematic work on this point with very comparable methods was carried out by the Centre de Médecine du Travail at Couillet and by the Bergmannsheil Hospital in Bochum in collaboration with the Hygiene-Institut des Ruhrgebiets.

Numerous papers having been published in Sweden on chronic CO poisoning during the Second World War, a study visit was made to Scandinavia by research workers wishing to ascertain the current views of Swedish specialists on the subject. The tour did not, however, produce any major new contribution.

244     *Work at high temperatures* — In view of the advance in comparative appraisals of various types of atmosphere-measurement apparatus and their use below ground in mines, it is planned to bring out a practical manual dealing with the principal types used in the Community countries and in great Britain. The final draft of this publication is in preparation.

Physiological research on work at high temperatures was carried out from a number of angles.

The Institut für Arbeitsphysiologie in Dortmund found in the course of experimental research that physiological comfort and efficiency are best ensured by seeing that workers engaged on jobs at high temperatures absorb a volume of water greater than that lost by sweating. This observation is important, as it is contrary to the widely-held view that heat tolerance is improved by restricting the amount of water ingested.

The Institut d'Hygiène des Mines in Hasselt continued its studies on the acclimatization of rescue workers to great heat. New exercises and practice routines were prepared, and tests made with respirators based on different principles in order to determine the temperature of the air inhaled.

The Centre de Physiologie Appliquée au Travail in Strasbourg found that in muscular work in hot surroundings the biological rhythms remain unchanged, the body temperature, pulse and so on following the same curves as when at rest. Although the organism accordingly stands great heat better at night, on the other hand other aspects, such as psychomotor reactions, are adversely affected by night work.

However, the attempt to produce an improved classification of disorders due to heat has not yet been successful, and research continues

245 *Noise abatement* — Methods of measuring noise were considerably improved. Apparatus which has been developed, more particularly at the Turin Polytechnic, now makes it possible not only to measure the overall level of noise, but also to determine the time distribution of various noises (impulse noises)

Clinical physiological research was undertaken to ascertain the auditory and nervous risks to workers exposed to intense noise

The ear, nose and throat department of the Faculty of Medicine at Nancy is making a systematic comparison of the degree of noise on different jobs in certain steelworks departments with the full audiometric records of the workers employed there (gas-blower floor, power-house, rolling-mills, converter platforms, riveting and boilermaking shops)

Similar studies were carried out at the iron-ore mines on jobs in connection with ore-loaders, drilling rigs, etc

The ear, nose and throat clinic of the University of Milan engaged in research to discover whether impulse noises are more injurious than continuous noises. This study is of particular interest owing to the rhythmic character of the noise produced by the pneumatic drill. It was found that at the 95-decibel level continuous and discontinuous noises have much the same fatigue-inducing effect,<sup>1)</sup> whereas at 105 decibels the effect of continuous noise is greater than that of discontinuous

246 *Dissemination of scientific results, documentation* — 83 reports have been published to date on research aided by the High Authority, and numerous papers have been read at national and international congresses

The High Authority has helped in various ways to disseminate the scientific results of this research

- a) it has facilitated contact between research centres and research workers. In 1958 15 study visits and 6 residencies were financed and 30 meetings held,
- b) 20 special reprints have been sent to Universities, institutes of industrial medicine, industrial associations, scientists, etc., and 44 more are to be sent out in the near future,

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<sup>1)</sup> The audiological centre of the Faculty of Science at Nancy recorded a level of 98 decibels in a power-station (continuous noise) and of 95 decibels in the vicinity of a loader in a mechanized working in an iron-ore mine (discontinuous noise)



- c) a progress report on scientific projects in hand was prepared in July 1958 and distributed in the Community,
- d) study conferences, to be attended by considerable numbers of industrial medical officers and safety engineers, are in preparation on work at high temperatures and noise abatement,
- e) the index of bibliographical abstracts and references set up by the High Authority's Medical Documentation Pool continued to expand as fresh material was added listing, for the information of doctors and technicians, contributions on the pneumoconioses published in world medical literature,
- f) a new decimal classification of the pneumoconioses was tried out, and is to be generally introduced in 1959

247 *Exchange of experience among works medical officers.* — A working party of works medical officers emphasized the importance of regular medical inspections of workplaces to secure information as to environmental and health conditions on the different jobs

The working party also held a joint meeting with a group of dermatologists on the problem of dermatoses in the Community industries, and particularly the action of mineral oils on the skin

The main conclusions included the following

- a) there are no dermatoses specific to the mining industry, many dermatoses contracted by miners being the result of the environmental and health conditions prevailing,
- b) the incidence of the mycoses, already high in the general population, would appear to be higher still in underground mineworkers, but the complaint is not always present in such an obviously morbid form as to make the man unfit for work,
- c) where mycosis is found to be particularly prevalent, the shower-baths should be kept under special supervision,
- d) tar-worker's disease is infrequent, thanks to the preventive measures employed, but nevertheless still calls for special attention,
- e) there is no dermatosis specific to the iron and steel industry, the risk of dermatosis of a special type being limited to a few very special jobs, such as handling cement and oils and bagging slag,
- f) oil components capable of causing skin lesions still call for special study, particularly in regard to protective measures against oil acne.

248. *New fields of research covered by the 1957 financing scheme* — Preparations for the launching of a second research programme on industrial safety and certain aspects of industrial medicine went ahead in 1958.

General programmes were drawn up defining and delimiting the types of project to which the High Authority is prepared to grant financial assistance. These have been very widely publicized through the *Journal Officiel des Communautés européennes* and the technical Press.

249. *Technical methods of dust suppression in the coalmining industry* — The general programme lists the following main points

- a) development and improvement of methods of water infusion into the solid,
- b) suppression of dust produced during pneumatic stowing and caving,
- c) suppression of dust produced during drilling and shotfiring,
- d) suppression of dust in mechanized workings (ploughs, cutters, etc ),
- e) suppression of deposited dust and dedusting of the ventilation air

250. *Technical methods of dust suppression in the iron and steel industry* — The general programme gives priority to research work aimed at improving processes for the protection of furnace and ladle liners and other workers such as moulders, strippers, etc , against dust

The programme also provides for research with a view to improved suppression of the very-fine-particle brown dust and smoke resulting from the use of oxygen in steelmaking

The research will also cover the suppression of dust and smoke produced in steel-melting furnaces, reheating furnaces, in burden preparation and fine-ore sintering, and in the throats of blast-furnaces

Finally, a special place has been allotted in the two general programmes on dust suppression in the coalmining and iron and steel industries to research on the nature of dust and the measurement of dust contents.

251. *Rehabilitation of accident victims and persons suffering from occupational diseases* — In this field the experts consulted by the High Authority were guided by a very broad concept of rehabilitation, taking the view that it could not be limited to the care of the injured during the surgical-

convalescence stage. The hospital stage and even first aid were considered to be of major importance if the injured person is not to suffer the loss of his motory functions. The experts emphasized that surgical aid should not merely precede rehabilitation but should form an integral part of it.

The general programme based on these consultations of experts is concentrated on a number of well-defined problems of major practical interest, namely the rehabilitation of

- a) patients suffering from injuries to the spinal column and spinal cord, for whom life and social intercourse can be assisted by certain modern treatments in the field of rehabilitation,
- b) patients suffering from injuries to the skull and brain, whose physical and mental state can be very appreciably improved by appropriate treatment,
- c) patients suffering from injuries to the trunk and limbs, in whom motory deficiencies, which would be highly prejudicial to their working ability, have to be prevented, or where they do occur, kept under supervision and treatment,
- d) patients suffering from burns, who remain handicapped if the cure is effected at the cost of fibrous scars which impede movement

It will be possible to undertake research in respect of each of these groups of injured persons in order to improve the methods of surgery, physiotherapy (treatment by exercises), ergotherapy (treatment by handicrafts), etc., employed, and the sum of psychological knowledge in connection with these treatments.

252      *Human factors (safety)* — The Research Committee on Human Factors and Safety, the Committee of Government Experts on Safety and the Committee of Producers and Workers on Safety and Industrial Medicine were consulted in connection with the framing of the general programme for this field

They made a general review of the problems presented by the human factors involved in safety, and divided these into three main categories, *viz*

- a) factors concerning the individual worker as such,
- b) factors associated with the worker's occupational environment,
- c) factors resulting from circumstances outside the worker's occupational environment

In order to avoid the dissipation of research work, they advised that attention should be concentrated mainly on the following problems

- a) individual accident-proneness — investigations of this problem, which are generally fragmentary in character and limited in

range, should be resumed on a broader statistical basis and within the framework of research work relating to several branches of science simultaneously,

- b) selection and training of personnel there is need for investigations to enable a check to be kept on the real effectiveness of the methods employed at present, and new methods to be developed in line with accident-prevention requirements,
- c) the influence of work organization the rapid technological development of certain branches of industry has caused the organization of working shifts and the amount, quality and rhythm of the work to have greater bearing on safety,
- d) the adaptation of means of self-protection in accordance with the laws of physiology and psychology,
- e) the influence of the psychological and social conditions of the occupational environment, particularly team make-up, reception arrangements, the stability or otherwise of the personnel, and industrial relations,

In addition, they emphasized two important observations

- a) much of the research carried out hitherto has been conducted by isolated specialists using the "analytical" method, whereas the problems to be dealt with also call for "synthetical" treatment and necessitate the simultaneous consideration of a whole set of aspects by teams of research workers with medical, social and technical qualifications,
- b) the research techniques applied to human factors have developed considerably new mathematical techniques are available to investigators, so that the scientific methods to be employed in this research are a particularly delicate problem and should be studied with special care

Following these consultations, the High Authority is now being asked to develop three main lines of action over an initial period of one year

- a) to encourage research by granting subsidies under a general programme made public, to cover only
  - 1) selection and training of personnel,
  - 11) means of self-protection,
- b) to promote a limited investigation for the purpose of defining the factors tending to result in accidents, carried out by means of a single pilot research project conducted in the coalmining and iron and steel industries of the Community countries with the collaboration of the consultative committees,
- c) to carry out supplementary activities with the object of facilitating co-operation among European research workers, colla-

boration between various branches of science and the supplying of documents and information to scientific and industrial circles, and particularly of defining the problems arising in regard to research methods

253. *Practical information to enterprises* — To round off its activities in the field of industrial health, medicine and safety the High Authority is organizing an exchange of practical experience.

In the case of the coalmining industry, such an exchange has already been going on for the past two years in a small working party of colliery medical officers meeting at regular intervals. The Mines Safety Commission is backing up this work in connection with industrial safety by taking up the matter with the representatives of the Governments, employers and workers.

In the case of the iron and steel industry and the iron-ore mines, the employers' and workers' committees concerned have appointed rapporteurs for each country. Their first task will be to assemble the fund of knowledge and practical experience dispersed throughout the various enterprises, medical services and safety organizations of the Community. A monograph is in preparation in this connection for the iron and steel industry, and will contain chapters on

- a) regulations and recommendations on the prevention of accidents at work and occupational diseases liable to occur in E.C.S.C enterprises,
- b) prevention of accidents and occupational diseases through appropriate departments within the iron and steel enterprises of the E.C.S.C ,
- c) a list of outside institutions and bodies concerned with safety in the iron and steel industry,
- d) accident statistics,
- e) means of self-protection,
- f) protection of machines and installations

The first research programme, for which 1,200,000 units of account were made available, is almost completed

The scientific results will be presented in a document summarizing the main points of the reports submitted by the research centres to the High Authority on the expiry of their contracts

Three years of collaboration with research centres, scientists in the Community and employers' and workers' representatives have enabled the High Authority to adjust the practical details of its work and of the action which it takes. The High Authority has defined the key points of its policy of providing grants for research in the field of industrial medicine and safety as follows

- 1) The research worker, being professionally obliged to concentrate almost wholly on the scientific aim pursued, may momentarily disregard certain practical considerations, whereas employers and workers, faced daily with the dangers of occupational diseases, seek all the time to focus research on immediate results

The High Authority will in future organize its consultations in such a manner as to enable it to strike a reasonable balance between these different requirements

- 2) The High Authority has to try to ensure that the financial aid it grants will be effective while at the same time not interfering with the research worker's freedom of scientific activity. The general programmes provide the answer to this twofold requirements: for each sphere of research a first general programme makes it possible over a certain period for the work of scientists aided by the High Authority to cover a fairly wide field of investigation where each researcher can choose the ground best suited to his particular subject and the technical facilities available to him. The first results of the research undertaken have indicated the most promising lines of action, thus enabling the High Authority to achieve a concentration of activities by delimiting and defining in a well-thought-out manner, in a second general programme, the choice of investigations to be encouraged
- 3) Financial support to a number of parallel research projects on the same problem satisfies a fundamental scientific necessity: it enables scientists to grasp the full extent and complexity of a problem and to work out possible solutions for all aspects of the question under consideration

- 4) Co-operation among research workers must be established progressively and develop naturally. The focal points of interest specified in the general programmes are to serve as opportunities for them to meet and to co-operate

The allocation of financial aid among the different research projects requires very careful preparatory work beforehand. To find the best specialists available and to define clearly the problems to be elucidated are first essentials to the effectiveness of the subsequent research

Since it has undertaken to observe these principles of action, the High Authority is obliged to ask for opinions and advice from a large number of sources, and accordingly to extend somewhat the time required for the preparation of its decisions. These disadvantages — which it is, incidentally, making all efforts to reduce — are, however, undoubtedly offset by the success of the first research projects it has encouraged and the increasing interest being shown in the industrial medicine and safety programmes.

#### *ACTIVITIES OF THE MINES SAFETY COMMISSION*

254 The Mines Safety Commission set up by the Governments and the High Authority to continue the work begun by the Conference on Safety in Coalmines is now preparing the first of the annual reports which it is required by its terms of reference to submit to the Special Council of Ministers and the High Authority.<sup>1)</sup>

This report will not only give an account of the activities of the Commission, but also survey developments in regard to safety in the coalmines of the various countries and examine their accident statistics

As it is responsible for providing the chairman and secretariat of the Commission, the High Authority here in-

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<sup>1)</sup>See *Sixth General Report of the High Authority*, April 1958 (Vol. II, No 269)

cludes a survey of the latter's activities during the past financial year

255. *Implementation of Conference recommendations* — In July 1958, the Commission made a first recapitulation of the measures taken by the different Governments to put into effect the recommendations of the Conference on Safety in Coalmines

This recapitulation covered a limited number of technical recommendations of particular importance

A second recapitulation dealing with all the Conference's recommendations was drawn up in November, and includes

- a) technical problems,
- b) safety regulations and inspection and workers' participation,
- c) human factors

The stage reached in each country is presented in a uniform manner. For each recommendation it is stated whether

- a) the national regulations already conformed to the provisions of the recommendation,
- b) new regulations conforming to the recommendation have been drawn up and promulgated,
- c) new regulations are in preparation,
- d) the recommendation of the Conference has been referred back to the Commission for re-examination,
- e) the Government concerned declines to adapt its regulations to the Conference recommendation,
- f) the Government is still undecided

This information is given in respect of each of the Conference's recommendations, which include 155 on technical matters, 51 on regulation problems and 74 on human factors

The detailed information resulting from this recapitulation will be included in the Commission's own report

Over and above a number of measures of limited scope, mention should be made of various general reforms which incidentally incorporated certain of the principles set forth by the Conference, even though they may not have been specifically designed to do so

In *Belgium*, these included the following items of legislation promulgated or in preparation, in addition to the two Royal Decrees mentioned in last year's Report concerning fire-prevention and the carrying of safety masks for protection against carbon-monoxide poisoning



a) *Technical*

- 1) a Royal Decree of November 3 on the prevention of pit fires and fire-fighting methods,
- ii) a Ministerial Decree of July 8, 1958, stipulating the conditions which conveyor belts must satisfy with regard to non-inflammability,
- iii) a draft Royal Decree on mine ventilation,
- iv) a draft Royal Decree on the suppression of inflammable dust,
- v) a draft Royal Decree on supports and strata control in coal-mines

The three drafts have been submitted to the committee responsible for preparing the revision of the mines safety regulations.

b) *Human factors*

- 1) a law of June 24, 1958, reorganizing the Conseil National des Charbonnages

The Conseil National is required to deal, *inter alia*, with matters such as recruitment, vocational training, dismissal and regrading of personnel, health and safety, in addition, it draws up overall schemes for the regrouping and combining of mining concessions, the concentration of pits and the modernization of installations, and orders the closure of pits which no longer satisfy safety or productivity requirements,

- ii) a law of July 15, 1957, prohibiting the employment or presence of youths less than 18 years of age in underground workings and excluding young workers between the ages of 18 and 21 from the performance of certain tasks, and a Royal Decree of January 15, 1958 concerning vocational training below ground of youths between the ages of 16 and 18,
- iii) a law of April 28, 1958, concerning the status of workers' mines-inspection delegates, making foreign workers eligible for such office provided they fulfil the conditions laid down for Belgian workers,
- iv) a Royal Decree of April 29, 1958, amending previous provisions with regard to bodies concerned with safety and health in mines, and in particular setting up a special Safety Board

In *Italy*, a general revision of mines regulations was in preparation at the time this Report went to press

A law of March 4, 1958, empowered the Government to effect this revision, a draft was then prepared and is to be published in the form of a Presidential Decree in March 1959.

As regards human factors, a committee of experts was appointed by the Government its findings were submitted in November, and various items of legislation are under consideration

In the *Netherlands*, a commission for the reform of the mines regulations was set up on December 12, 1955, to advise the Minister regarding the complete revision of the regulations, it is duly taking the Conference's recommendations into consideration Its work is expected to be concluded in 1960

In view of this general revision it was thought preferable not to introduce any partial changes

The mining authority has, however, written to the enterprises asking them from now on to take account of those of the Conference's recommendations which have not yet been embodied in the Netherlands regulations, and stating that any necessary amendments to these recommendations will be made as required

256      *Technical problems studied by the Commission*

A — The Commission set up four working parties with terms of reference initially defined as follows

- 1) the Working Party on Fires and Underground Combustion, to re-examine problems relating to
  - i) fitting-out of shafts in a manner designed to obviate fire hazards,
  - ii) points of accumulation of inflammable materials,
  - iii) improvement of conveyor belts,
  - iv) research on non-inflammable liquids to replace the inflammable oils used in underground mechanical equipment,
- 2) the Working Party on Electricity, to study
  - i) the elimination of inflammable oil from transformers and condensers installed below ground,
  - ii) research with a view to the replacement of inflammable oil by a non-inflammable product in other electrical equipment installed below ground,
  - iii) the use of non-inflammable material in the manufacture of electric cables,
- 3) the Working Party on Mechanization and Locomotives, to deal with problems in connection with
  - i) locomotive fittings,
  - ii) the neutralization of exhaust fumes from diesel locomotives,

- 4) the Working Party on Winding-Ropes and Shaft Guides, to study

- 1) the testing of winding-ropes in service,
- 11) the apparatus used for testing guides

The Commission has already approved and forwarded to the Government various resolutions prepared by the working parties, concerning

- a) shaft equipment,
- b) the elimination of oil from transformers, condensers and other electrical equipment installed below ground,
- c) locomotive fittings,
- d) neutralization of the carbon monoxide contained in the exhaust fumes from diesel locomotives

Investigations are in progress on the other points, the High Authority working party on carbon-monoxide poisoning has been asked for an opinion as to the harmfulness of the nitrous and sulphurous gases contained in the exhaust fumes from diesel locomotives

In addition, the Commission has assigned to its working parties the further task of studying the following problems as soon as the progress of their programme of activities allows

- 1) *Working Party on Electricity*

The criteria which *detachable, mobile and portable* equipment and armoured and flexible cables must satisfy with respect to the danger of electrocution,

the criteria which flameproof electrical equipment must satisfy

- 2) *Working Party on Fires and Underground Combustion.*

The criteria for the approval of extinguishers, fire-prevention and fire-fighting methods for underground workings other than the intake and return air shafts, the criteria which shotfiring cables must satisfy

- 3) *Working Party on Mechanization and Locomotives*

Safety considerations in the design of mechanical equipment, automatic cut-outs for haulage winches, automatic cut-outs for armoured and similar conveyors.

- 4) *Working Party on Winding-Ropes and Shaft Guides*

The safety factor of winding-ropes, degressivity of the safety factor with depth

B — In addition, the Commission has arranged for the study of the following problems

*Approval of machines*

The Commission wishes to ascertain when and by what procedures and methods the competent authority in each country approves machines and mechanical appliances

*Customs impediments*

The investigation concerning these impediments will cover not only actual safety equipment but also certain types of mining equipment of great importance from the safety point of view, such as non-inflammable conveyor belts

The various Governments have been asked for information on the subject, which is now in process of collation

257 *Problems relating to human factors studied by the Commission*

*A. Reception of new miners*

In deference to a wish expressed by the Conference, the Commission intends to circulate information on the organization and operation of the best reception services in Community collieries and the results obtained by them

In the information supplied, a distinction is to be drawn according as the recruits

- i) are or are not entirely new to mining,
- ii) come from the area in which the enterprise is located, from a more distant area or from a foreign country

*B Colliery medical services,*

The Commission is anxious to secure accurate information on the role, organization, size and operation of colliery medical services

The Commission took a first decision regarding the study of these problems it instructed its secretariat to obtain the necessary information from the competent authorities in the different countries, which in turn were asked to apply where necessary to the mineowners and workers' and employers' organizations

*C Influence of psychological and sociological factors on safety, psychological accident-prevention methods*

The Commission devoted particular attention to the influence of psychological and sociological factors on safety, and to psychological accident-prevention methods

It originally considered that the study of this problem should be confined to accidents caused by falls of stone or blocks of rock, and accordingly asked for returns of such accidents from each coalfield, to enable it to compare their frequency pit by pit

It was felt that in this way the biggest fluctuations in the frequency rate of such accidents could be noted in respect of each, and a check made as to whether in particular pits this rate showed an appreciable and regular deviation from the average recorded for the coalfield

This method was, however, found to be an inadequate basis by itself for dealing with the whole of the problem involved

The Commission was informed of work in progress in the Nord/Pas-de-Calais and North Rhine/Westphalia coalfields to ascertain the influence of psychological and sociological factors on safety in mine accidents generally, and to find ways and means of taking that influence into account in any safety policy ultimately arrived at

The Commission felt it would do well to obtain full information from those in charge of the activities in question. For this purpose, a special meeting was held in Dortmund, at which these persons reported on the stage reached in their investigations and the prospects opened up by them, in addition, members paid visits to underground workings where they had an opportunity to see the practical application of the ideas explained to them

#### *D. Preparation of an overall study on human factors.*

The Commission appointed a small working party to make a preliminary general examination of these problems, select the subjects to be given priority and specify the aspects to be covered. The working party includes representatives of the competent authorities and of workers' and employers' organizations

On the basis of this preliminary examination, the Commission will arrange for the study of the problems selected, and set up working parties as required

#### *258 Other work in progress on the part of the Commission*

##### *A Co-ordination of rescue services*

The Working Party on Mine Rescue Operations, consisting of heads of central rescue stations in the various member countries, continued to carry out its programme of visits. It visited Lens (Nord coalfield, France), Friedrichsthal (Saar, Essen-Kray (Ruhr)) and Heerlen (Dutch Limburg).

In the course of these visits the members of the working party attended training exercises and demonstrations of apparatus and equipment, and inspected laboratories. In this way they gained an idea of

the techniques and methods employed, and were able to compare the equipment used and the measures adopted to deal with practical problems

The personal contact thus established between heads of central rescue organizations in the different countries may be expected to result in a very satisfactory degree of co-operation

*B Information on accidents presenting instructive points for future guidance*

The Commission regularly arranges for the translation and dissemination of accident reports of this kind. The reports distributed to date relate to accidents occurring

- in Germany from 1954 to 1956,
- in Belgium during 1957 and 1958,
- in France during 1953 and 1956,
- in the Netherlands during 1956

A special procedure has been worked out with regard to accidents so serious as to be likely to cause a stir among the general public. This procedure covers

- 1) transmission of information to the Commission,
- 2) participation by the High Authority in inquiries and technical research

The actual transmission of information to the Commission is to be effected in two successive stages

- a) a purely descriptive report giving the facts, the circumstances of the accident, the number of casualties and the nature of the injuries involved is to be sent to the Commission as soon as possible after the accident, without comment,
- b) a second report will expand and supplement the initial data supplied. It will contain opinions as to the causes of the accident and certain conclusions regarding measures to prevent its recurrence, these opinions and conclusions can be given only with reservations where the inquiry into the accident has not yet been completed. Whenever possible, this second report is to be made verbally at a meeting of the Commission or its Select Committee

*C. Common accident statistics*

The proposals mentioned in last year's Report were approved by the Commission in plenary session.

The statistics compiled at Community level relate exclusively to underground accidents of the following types

- 1) accidents where the victim was unable to resume underground work for eight weeks or longer,
- 2) fatal accidents, i.e. where death occurred within eight weeks

They include all such accidents irrespective of the victim's occupation (workers, supervisory staff, engineers, members of the colliery management)

These accidents are classified in twelve categories, according to cause. The first common statistics compiled on these lines relate to accidents which occurred in 1958.

#### **Section 4 — Future Plans of the High Authority**

259. The High Authority's work to help ensure that the social situation shall develop in a manner more and more favourable to the well-being of the workers is part and parcel of its general responsibility for implementing the Treaty. The nature of its obligations is, however, still sometimes not fully grasped, and misunderstandings continue to arise. The High Authority was therefore very glad to take the opportunity provided in September 1958 to explain to the Social Affairs Committee of the European Parliament the basis of its social policy, and in particular its interpretation of Article 3, *e* of the Treaty.

The Committee, studying trends in wages and wage policy in the Community countries, questioned the High Authority as to the exact meaning of the words "to harmonize conditions in an upward direction" in Article 3, *e* of the E.C.S.C. Treaty, and the implications of this Article in regard to wages. The High Authority replied in a statement, the main points of which may be summed up as follows:

260. The problem of improving living and working conditions and "harmonizing them in an upward direction" is distinct from the problem of overall wage costs.

The incidence of these costs on production costs is liable, in certain circumstances, to distort competition between national economies as a whole, or between specific sectors of industry, and action to eliminate such distortions — sometimes referred to as "harmonization" or "levelling-up" of conditions — is really of an economic and not of a

social nature, although certain social consequences may result

261 On the other hand, the improvement of the living and working conditions of the labour force, closely interlinked with their "harmonization in an upward direction", is one of the standing social objectives of the Community: improvement is the immediate end in view, and levelling-up is a means of which the High Authority has to avail itself all the time in its endeavours to bring about that improvement

In other words, harmonization must not impede or delay the improvement of conditions for the most advantageously placed workers: it is the progress in respect of those in a less fortunate position which must become more rapid, although we must, of course, bear in mind that the drive for improvement cannot afford to overstep the limits imposed by the need for general economic stability

Full and final harmonization is not conceivable — any more than the crystallization of endeavours to improve social conditions is conceivable. The general improvement and the levelling-up of living and working conditions are two indissociable and permanent elements in social and economic development

262. The expression «living and working conditions» covers all those economic and social factors which help to develop and fulfil the personality of the worker in his occupational environment. And all endeavours to improve those conditions must take into account such matters as direct wages and social-security benefits, as well as working hours, relations between employers and workers both inside and outside the enterprise, vocational and refresher training systems, promotion prospects, housing conditions, and other factors of all kinds.

263 The improvement and levelling-up of living and working conditions can only be properly appreciated within



the context of more general economic development; moreover, living and working conditions are themselves made up of various factors, each with a dynamic of its own. Any step by the High Authority to promote a social advance must take these two considerations into account

Thus when it takes action in connection with re-adaptation, it not only assists the discharged workers financially, but also prevents a deterioration in the labour market and the development of pockets of under-consumption and in this way it exerts a beneficial, though indirect, influence on the employment, standard of living and trade-union activity of other wage-earners, and even on the welfare of the surrounding population.

It is on the basis of this interpretation of the Treaty and this general outlook that the High Authority proposes to continue the implementation of its social policy

The following are the main activities planned for the next few months, which are the concrete embodiment of the policy just outlined

264 *Manpower.* — The High Authority has to follow closely all developments in the employment situation in the various producer areas of the Community, as well as movements of the labour force. To this end it regularly consults the Governments and the employers' and workers' organizations, and publishes a half-yearly report on employment

In addition, in order to assess the factors constituting, in the shorter or longer term, a threat to continuity of employment in certain parts of the Community, it is carrying out special studies of the areas where difficulties are likely to occur. The region of Brescia-Udine will shortly be the subject of such a study.

In 1959 the results will be published of the work which has been in progress for the past year, of cataloguing in full the legal and financial arrangements in the countries



of the Community and in Great Britain for encouraging the introduction of new employment opportunities

265. A new stage has begun in the implementation of Article 69 of the Treaty. The Governments have been invited by the High Authority to compile a second list of occupations entitling those engaged in them to a Community labour card.

Since January 1, 1959, migrant workers have had the benefit of the new social-security conditions instituted by the Rome Convention of December 1957 (since converted into a Regulation under Article 51 of the Treaty of Rome)

The High Authority, which is represented on the Administrative Committee set up to implement this regulation, will see to it that the workers in the coalmining and iron and steel industries do in fact have the benefit of its provisions in accordance with the spirit of the Coal and Steel Treaty.

266. To encourage the development of vocational training, the High Authority is carrying on a number of parallel activities

- a) a monograph entitled *La Formation Professionnelle dans les Mines de Fer* is to be published in 1959;
- b) a second edition will be issued of the international catalogue of films suitable for use in the training of miners,
- c) during the first quarter of 1959 the annual report on vocational-training activities in the Community will be published,
- d) working parties of Government experts, in co-operation with the departments of the High Authority, are studying ways and means of improving vocational training for migrant workers, of eliminating impediments to the exchange of teaching aids within the Community, and of harmonizing vocational training throughout the coalmining and iron and steel industries;

- e) study conferences will be held in the spring of 1959 on the possibilities of co-operation between teaching and training establishments of various grades and the industries of the Community;
- f) a study tour of German, French and Luxembourg iron-ore mines will be organized in April 1959, to enable those taking part to observe on the spot the methods employed in the training of young miners, adult miners, underground electricians, deputies and instructors,
- g) a study conference on the training of supervisory staff for work below ground in the coalmines is in process of preparation

267 *Wages and social security* — The work of the High Authority in this field consists mainly in providing employers' and workers' organizations with information on the most important points in connection with modes of payment in the Community.

During 1959, the following studies are to be published :

- a) *L'Evolution des Salaires et la Politique Salariale dans les Industries de la Communauté* (The trend in wages and wage policy in the industries of the Community), 1945-1958, final edition;
- b) *Informations sur les systèmes de Liaison des Salaires à la Production, au Rendement et à la Productivité* (Information on systems of tying wages to production, output and productivity in each of the Community countries and industries);
- c) the findings of a sociological survey on levels of mechanization and modes of payment in the iron and steel industry,
- d) up-to-date editions of the monographs on social-security schemes covering the workers in the Community industries,
- e) a report on trends in the development of social-security systems in the Community countries,

- f) the reports and findings of the study conference held in December 1958 on job evaluation and its use in the Community industries, to be summarized and published in a single volume

268. *Terms of employment* — The working party of experts on labour law is engaged on further studies concerning

representation of the workers at works level,  
strikes and lockouts;  
protection of workers in the event of loss of employment

The Joint Committees for the Harmonization of Terms of Employment will examine any disparities in regard to employment (recruitment, discharge) in accordance with the same principles and procedure as they did disparities in working hours

A study on the trend in terms of employment in the Community industries since 1955 is in process of completion

Finally, a series of studies similar to those which have been going on since 1952 with reference to miners and steelworkers will be carried out from 1959 onwards covering the position of salaried staff, technicians, supervisors, managerial personnel and engineers in the Community industries. They will deal with the trend in collective labour relations, terms of employment and modes of payment for non-manual workers

269 *Housing* — The results of the sample survey on the housing situation of Community workers will be published during the first half of 1959, and should contain material of great value for the preparation of future schemes for assistance in the building of workers' houses.

During the year operations will continue in all six countries in connection with the financing of the third loan-aided building scheme.

The High Authority has organized a competition for architects open from January 1, to July 31, 1959 for which entrants are required to design

- a) a workers' housing estate meeting all modern town-planning requirements,
- b) a model dwelling really suited to the needs of a working-class family.

The competition, organized under the patronage of the Ministers of Housing of the six member States, is to show what progress may be expected from collaboration between the architects of these countries.

270. *Industrial safety, health and medicine.* — In March there will be a study conference on work at high temperatures and noise abatement, to be attended by industrial medical officers and safety engineers. Scientists who have carried out research in these two fields, with financial assistance from the High Authority, and experts who co-operated with working parties in connection with that research will compare their findings with the practical demands of day-to-day work in the enterprises.

In the course of this year the research work undertaken under the first four-year plan, involving the outlay of 1 2 million units of account, will come to an end, and the scientific results obtained will be embodied in a report so that all those concerned — scientists, industrial medical officers, health specialists, Government inspectors and supervisors, safety engineers, employers' and workers' organizations, heads of enterprises, trade-union officers with special responsibility for matters of industrial health and medicine — can be kept abreast of new scientific data which may form the basis for further advances in the protection of the workers' health and well-being.

The report will also be used in the preparation of a fresh programme of financial assistance for research in the field of industrial health and medicine.

Simultaneously, the first research will be begun under the second four-year plan, involving the expenditure of three million units of account, in connection with industrial safety, dust suppression and the rehabilitation of workers who have fallen victim to industrial accidents or occupational diseases. General programmes outlining the scope and aim of these research projects have already been approved and published

In addition, redoubled efforts will be made to keep the enterprises informed on all matters of practical interest and particularly on points in connection with safety.

271. This brief enumeration cannot provide a full picture of all that the High Authority intends to do to develop its social policy

The High Authority wishes to stress, above all, that its work in the field of study, information and documentation is not an end in itself. Its purpose is to provide guidance for all those directly concerned in the Community, and first and foremost for the High Authority itself, which invariably takes into consideration in all its decisions for the smooth operation of the Common Market the social objectives of the Community

Moreover, these activities are intended to encourage discussions between employers and workers, to prompt Governments to take action, and, more generally to promote action likely to produce improvements in living and working conditions. They are gradually getting all concerned into the habit of looking at what needs to be done from the Community, as well as the purely national, angle.

The development thus started is bringing far-reaching changes in the ways of thought, the modes of action and even the actual structure of the employers' and workers' organizations. It will undoubtedly be fostered by the continuing activities of the three European Communities, and the High Authority trusts that the co-operation of the European Executives will increasingly strengthen this trend

## ANNEX ON FINANCE





## I — YIELD OF THE GENERAL LEVY AND ITS EMPLOYMENT

1. The general levy, reduced to 0.35% as from July 1, 1957, remained unchanged throughout the year 1958

The yield of the levy since its introduction is shown in the following table

('000 units of account)<sup>1)</sup>

Country	First four financial years 1952-1956	Fifth financial year 1956-1957	Sixth financial year 1957-1958	Seventh financial year 1958-1959 <sup>2)</sup>	Total	%
Germany (Fed. Rep.)	74 301	15 229	13 960	6 399	109 889	47.2
Saar	9 887	1 900	1 588	747	14 132	6.0
Belgium	17 408	3 398	2 736	1 244	24 786	10.7
France	36 262	7 230	6 561	3 186	53 239	22.9
Italy	9 176	2 288	2 419	1 097	14 980	6.5
Luxembourg	4 939	1 032	868	415	7 254	3.1
Netherlands	5 789	1 052	991	529	8 361	3.6
Total	157 772	32 129	29 123	13 617	232 641	100

<sup>1)</sup> The unit of account adopted by the European Coal and Steel Community following the dissolution of E.P.U. is that used by the member countries of O.E.E.C. within the framework of the European Monetary Agreement (E.M.A.), which was signed on August 15, 1955, and came into force on December 28, 1958. This unit of account has the same value as the former E.P.U. unit, i.e. 0.88867088 gr. fine gold, which corresponds to the present definition of the American dollar.

<sup>2)</sup> July 1 - December 31, 1958, i.e. six months only.

To these figures must be added the total of various incidental revenues (interest on bank deposits and investments, fines and sundry other items), amounting on December 31, 1958, to 25.2m units of account.

2. Actual expenditure by the Community from August 10, 1952, to December 31, 1958, amounted to 70.3m units of account, allocated as follows:

4. The credits made available and amounts paid out by the High Authority up to December 31, 1958, for the financing of the readaptation operations provided for in Section 23 of the Convention were allocated as follows

('000 units of account)

	Amounts authorized (gross commitments)	Amounts paid out
<i>Germany</i>		
Coalmining industry	381	238
Total	381	238
<i>Belgium</i>		
Coalmining industry	2 120	40
Total	2 120	40
<i>France</i> <sup>1)</sup>		
Coalmining industry	1 104	140
Iron and steel industry	798	256
Iron-ore mines	48	29
Total	1 950	425
<i>Italy</i>		
Coalmining industry	2 246	996
Iron and steel industry	7 400	3 680
Total	9 646	4 676
Assistance to relieve the financial situation of the coalmining in- dustry <sup>2)</sup>	3 000	—
Grand total	17 097	5 379

<sup>1)</sup> These figures take into account the incidence of the French monetary measures of August 10, 1957, and December 28, 1958

<sup>2)</sup> Distribution by countries not yet known

5 The credits made available and amounts paid out up to December 31, 1958, in aid of technical research can be shown as follows <sup>1)</sup>

(*'000 units of account*)

Industrial sector or type of research	Amounts authorized (gross commitments)	Amounts paid out
Coalmining industry	3 265	408
Iron and steel industry	4 798	1 116
Iron-ore and other ore mines	5 000	—
Experimental housing programmes	1 964 <sup>1)</sup>	1 262
Industrial health, safety and medicine	4 195	874
Total	19 222	3 660

<sup>1)</sup> Exclusive of the amount of 3,000,000 units of account set aside for loans for further experimental housing programmes and transferred to the Special Reserve. The amounts allocated for technical research thus in actual fact total 22 2 m units of account.

<sup>1)</sup> These figures take into account the incidence of the French monetary measures of August 10, 1957, and December 28, 1958.

## II — INVESTMENT OF FUNDS

6 The policy followed by the High Authority in the investment and management of its funds is aimed, as in previous years, at combining a reasonable return with sufficient liquidity

The total annual income from interest on bank deposits and investments has grown since 1952 as follows :

Financial years 1952-1956	5 6
Financial year 1956-1957	4 9
Financial year 1957-1958	5 6
Financial year 1958-1959 <sup>1)</sup>	3 0

It is worth drawing attention to the steady growth of the revenue from this source, which has enabled the High Authority to increase the amounts transferred to the Special Reserve for the financing of workers' housing

It should, however, be noted that the satisfactory results are partly due to the fact that most of the corresponding bank deposits were made at the beginning of 1958, *i.e.* before the reduction in interest rates which has meanwhile taken place in most of the Community countries.

7. The medium-term "indirect" credits granted by the banks on their own responsibility to the industries of the Community under agreements which aim at the rational and economic management of the High Authority's own funds, reached on December 31, 1958, a total of 66.2m units of account.

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<sup>1)</sup> July 1 - December 31, *i.e.* six months only.

The breakdown by countries of the credits thus made available is as follows

Country	Amount in national currency	Equivalent in '000,000 units of account
Germany (Fed Rep )	DM 150 000 000	35.7
Saar	Ffr 1 250 000 000	2.5
Belgium	Bfr 448 000 000	8.9
France	Ffr 2 500 000 000	5.0
Italy	Lit 4 500 000 000	7.2
Luxembourg	Bfr 100 000 000	2.0
Netherlands	Hfl 18 700 000	4.9
	Total	66.2

### III — BORROWINGS OF THE HIGH AUTHORITY

8 The High Authority has contracted ten long-term loans to a total equivalent to 215.8 million units of account as follows :

Country	Lender	Date	Title of issue	Gross amount of loan	Equivalent in units of account
United States	Bank	1954	3 $\frac{7}{8}$ % Secured Notes, 1st Series	\$ 100 000 000	100 000 000
Belgium	Savings bank	1955	3 $\frac{1}{2}$ % Secured Notes, 2nd Series	Bfr. 200 000 000	4 000 000
Germany (Fed. Rep.)	Bank	1955	3 $\frac{3}{4}$ % Secured Notes, 3rd Series	DM 25 000 000	5 952 381
Germany (Fed. Rep.)	Bank	1955	3 $\frac{3}{4}$ % Secured Notes, 3rd Series	DM 25 000 000	5 952 381
Luxembourg	Savings bank	1955	3 $\frac{1}{2}$ % Secured Notes, 4th Series	Lfr. 5 000 000	500 000
Saar	Bank	1956	4 $\frac{1}{4}$ % Secured Notes, 5th Series	Bfr. 20 000 000	708 923
Switzerland	Public issue	1956	4 $\frac{1}{4}$ % Secured Bonds, 6th Series	Ffr. 350 000 000	1) <sup>1)</sup> 11 655 012
United States	Public issue	1957	5 $\frac{1}{2}$ % Secured Bonds, 7th Series	\$ 25 000 000	25 000 000
United States	Public issue	"	5% Serial Secured Notes, 8th Series	\$ 7 000 000	7 000 000
United States	Bank	"	5% Bank loans, 9th Series	\$ 3 000 000	3 000 000
Luxembourg	Insurance company	1957	5 $\frac{3}{8}$ % Secured Notes, 10th Series	Lfr. 100 000 000	2 000 000
United States	Public issue	1958	5% Secured Bonds, 11th Series	\$ 35 000 000	35 000 000
United States	Public issue	"	4 $\frac{1}{2}$ % Serial Secured Notes, 12th Series	\$ 15 000 000	15 000 000
				Total	215 768 000

1) Following the French Government's monetary operation of December 28, 1958, the amount of this loan in units of account was revalued to take into account the new parity of the French franc (1 E.M.A. unit of account — Ffr. 493,706)

#### IV — LOANS GRANTED TO ENTERPRISES FROM THE HIGH AUTHORITY'S BORROWINGS

9. Since its inception, the High Authority has granted 175 loans to 101 enterprises. During this period one loan has been repaid in part and three in full, these funds were re-lent forthwith.

At December 31, 1958, the High Authority had paid to these enterprises 228 1 million units of account, of which 215.5 million from borrowings and 12 6 million from funds of its own

The credits which have been paid out are distributed among enterprises in the various member countries as follows (initial principal amounts in '000,000 units of account, subsequent repayments not deducted)

Country	Amount of loans from borrowed funds	Amount of loans from funds not borrowed	Total
Germany (Fed Rep )	120 7	8 4	129 1
Saar	12 2	0 6	12 8
Belgium	18 4	0 6	19 0
France	35 1	0 4	35 5
Italy	26 2	0 6	26 8
Luxembourg	2 9	0 7	3 6
Netherlands	—	1 3	1 3
Total	215 5 <sup>1)</sup>	12 6	228 1

<sup>1)</sup> The difference of 200,000 units of account between the High Authority's borrowings (215 7 million) and its loans to enterprises (215 5 million) has not yet been re-lent

10 Enterprises' obligations representing loans from the High Authority's borrowings are secured as follows : <sup>1)</sup>

<sup>1)</sup> i.e. the balance of loans outstanding from the enterprises



*('000,000 units of account)*

a) Guarantees by Governments of member countries, plus negative-pledge clauses	23 99
b) Guarantees by Governments of member countries	6 64
c) Guarantees by banks, plus mortgages	107 73
d) First mortgages	11 89
e) Second mortgages	3 03
f) Guarantees by industrial concerns, plus negative-pledge clauses	43 46
g) Guarantees by industrial concerns	14 20
h) Negative-pledge clauses	0 97
Total	211 91

11 The loans which have been granted from borrowed funds and from the High Authority's own funds are distributed over the different types of capital scheme as follows :

#### **Situation as at December 31, 1958**

*('000,000 units of account)*

a) Coalmines (including coking-plants)	87·14
b) Pithead power-stations	46 31
c) Iron-ore mines and ore-preparation plant	21 85
d) Iron and steel industry (including coking-plants)	40 35
e) Housing for miners and steelworkers	31·76
f) Other projects	0 72
Total	228 13

The High Authority has thus helped to finance industrial investments, the total cost of which amounts to more than 1,000m. units of account, and to build over 34,000 workers' housing units involving the expenditure of some 204m. units of account.

## V — COMPENSATION LEVY ACCOUNT

The collection of the levy having been terminated and the final disbursements having been made, the High Authority is now in a position to present a final balance-sheet of the operations carried through under Sections 25, 26 and 27 of the Convention containing the Transitional Provisions :

('000 units of account)

Financial year	1952-1953	1953-1954	1954-1955	1955-1956	1956-1957	1957-1958	Total	%
<i>I Receipts</i>								
Yield of levy from								
German mines	2 932	13 880	14 483	10 980	7 601	2 645	52 521	92 10
Dutch mines	248	1 204	1 210	1 123	682	—	4 467	7 90
Total	3 180	15 084	15 693	12 103	8 283	2 645	56 988	100 00
<i>II. Disbursements</i>								
Payments to								
Belgian mines	488	11 889	14 183	11 830	7 997	3 686	50 073	88 48
Italian mines	—	2 400	2 640	960	520	—	6 520	11 52
Total	488	14 289	16 823	12 790	8 517	3 686	56 593	100 00

Taking into account the bank and loan service charges in connection with these operations, interest received on the levy account, and reimbursements made to small mines in accordance with the High Authority's decision No. 17-57 dated April 17, 1957, the balance-sheet of levy operations drawn up as at December 31, 1958, is as follows :

('000 units of account)

Receipts		Expenditure	
Levy paid by German mines	52 521	Compensation payments to Italian mines	6 520
Levy paid by Dutch mines	4 467	Compensation payments to Belgian mines	50 073
Interest received	129	Refunds to small mines	292
Gain on exchange rates	32	Bank mines charges	1
		<i>Surplus</i>	263
Total	57 149		57 149

The High Authority has decided to refund the surplus shown to the enterprises which were subject to the levy in proportion to their contribution, *i.e.* 92·1% to the German enterprises and 7·9% to the Dutch. Reimbursement will take place early in 1959.



## STATISTICAL ANNEX



TABLE No 1

**Hard-Coal Production**

(by countries)

('000 metric tons)

Year	Germany (Fed Rep )	Saar	Belgium	France	Italy	Nether- lands	Com- munity
1952	123 278	16 235	30 384	55 365	1 089	12 532	238 883
1953	124 472	16 418	30 060	52 588	1 126	12 297	236 961
1954	128 035	16 818	29 249	54 405	1 074	12 071	241 653
1955	130 728	17 329	29 978	55 335	1 136	11 895	246 401
1956	134 407	17 090	29 555	55 129	1 076	11 836	249 092
1957	133 156	16 455	29 086	56 795	1 019	11 376	247 888
1958 <sup>1)</sup>	132 582	16 423	27 057	57 711	716	11 881	246 370

<sup>1)</sup> Provisional figures

TABLE No 2

### Hard-Coal Production (by coalfields)

Coalfield	1952	1953	1954	1955	1956	1957	1958 <sup>1)</sup>
							( <sup>1</sup> 000 metric tons)
Ruhr	114 417	115 551	118 712	121 106	124 627	123 209	122 302
Nord/Pas-de-Calais	29 406	27 554	28 705	29 101	28 583	28 725	28 856
Southern Belgium	20 672	20 577	19 991	19 833	19 085	18 755	17 088
Saar	16 235	16 418	16 818	17 329	17 090	16 455	16 423
Lorraine	12 210	12 001	12 996	13 157	13 286	14 297	14 970
Dutch Limburg	12 532	12 297	12 071	11 895	11 836	11 376	11 890
Campine	9 712	9 483	9 258	10 144	10 468	10 331	9 974
Aachen	6 439	6 588	6 857	7 062	7 208	7 619	8 020
Loire	3 805	3 460	3 330	3 355	3 432	3 354	3 530
Cévennes	2 893	2 875	2 819	2 841	2 909	3 215	3 137
Blanzy	2 678	2 589	2 612	2 582	2 641	2 743	2 727
Lower Saxony	2 422	2 333	2 466	2 560	2 573	2 328	2 260
Aquitaine	2 100	2 020	1 910	2 138	2 185	2 202	2 227
Auvergne	1 145	1 120	1 092	1 185	1 168	1 227	1 287
Sulcis	954	1 004	958	1 039	973	914	628
Dauphiné	536	542	536	604	564	620	676

<sup>1)</sup> Provisional figures



TABLE No 3

Underground Output per Man/Shift in the Hard-Coal Mines <sup>1)</sup>

Coalfield	1933	1932	1933	1934	1935	1936	1937	1938 <sup>1)</sup>
Ruhr	1 960	1 503	1 486	1 523	1 572	1 591	1 614	1 675
Nord/Pas-de-Calais	1 136	1 228	1 277	1 349	1 426	1 484	1 506	1 499
Southern Belgium	1 004	965	986	1 011	1 028	1 034	1 032	1 045
Saar <sup>2)</sup>	1 570	1 623	1 676	1 744	1 810	1 819	1 800	1 797
Lorraine	2 014	2 018	2 088	2 214	2 257	2 275	2 310	2 285
Dutch Lumburg	2 371	1 609	1 567	1 497	1 486	1 496	1 499	1 521
Campine	1 523	1 300	1 307	1 352	1 484	1 492	1 450	1 384
Aachen	1 409	1 194	1 186	1 200	1 279	1 281	1 314	1 375
Lower Saxony	1 380	1 200	1 130	1 169	1 228	1 274	1 264	1 198
Centre/Midi	1 176	1 270	1 343	1 424	1 513	1 590	1 634	1 636
Sulcis	—	—	609	636	867	949	957	1 039
Community	1 590 <sup>4)</sup>	1 389 <sup>4)</sup>	1 393 1 401 <sup>4)</sup>	1 438 1 447 <sup>3)</sup>	1 497 1 502 <sup>4)</sup>	1 525 1 529 <sup>4)</sup>	1 541 1 545 <sup>4)</sup>	1 570 1 578 <sup>4)</sup>

<sup>1)</sup> The output of the German and Netherlands mines is given as 2.3% below the true level, the low-grade fuel mined by them having been converted into terms of saleable products

<sup>2)</sup> Saarbergwerke

<sup>3)</sup> Provisional figures

<sup>4)</sup> Exclusive of the Sulcis coalfield

TABLE No 4

**Production of Coke-Oven Coke***('000 metric tons)*

Year	Germany (Fed Rep )	Saar	Belgium	France	Italy	Nether- lands	Com- munity
1952	37 233	3 888	6 407	9 216	2 350	3 285	62 379
1953	37 776	3 590	5 945	8 631	2 327	3 245	61 514
1954	34 921	3 666	6 147	9 220	2 499	3 381	59 833
1955	40 520	3 939	6 600	10 725	2 949	3 901	68 633
1956	43 435	4 206	7 270	12 249	3 411	4 238	74 809
1957	45 193	4 324	7 156	12 564	3 687	4 243	77 167
1958 <sup>1)</sup>	43 441	4 175	6 889	12 466	3 367	4 078	74 416

<sup>1)</sup> Provisional figures



TABLE No 5

## Hard-Coal Imports from Third Countries

('000 metric tons)

Country of destination \ Country of origin	U S A	U K	Poland	U S S R	Other third countries	Total
<i>Germany (Fed. Rep.)</i>						
1952	7 377	482	9	—	11	7 897
1953	3 421	1 521	76	—	27	5 045
1954	1 823	1 633	262	0	163	3 881
1955	6 998	1 339	714	69	151	9 271
1956	11 486	1 099	861	96	140	13 682
1957	15 904	497	560	38	147	17 147
1957 (11 mths)	14 639	480	509	38	140	15 806
1958 (11 mths) <sup>1)</sup>	10 532	200	1 053	79	124	11 988
<i>Belgium</i>						
1952	794	337	5	33	4	1 173
1953	664	420	—	46	2	1 133
1954	253	526	6	62	4	852
1955	784	485	—	124	60	1 453
1956	1 980	597	30	68	147	2 822
1957	2 138	564	33	50	35	2 820
1957 (11 mths)	2 017	534	32	47	32	2 662
1958 (11 mths) <sup>1)</sup>	1 704	354	11	64	1	2 135
<i>France</i>						
1952	3 138	1 125	752	199	148	5 361
1953	289	448	480	260	138	1 615
1954	55	994	514	404	248	2 215
1955	802	950	438	550	161	2 901
1956	6 052	777	1 208	611	156	8 804
1957	6 903	742	1 281	605	169	9 701
1957 (11 mths)	6 569	701	1 167	561	146	9 144
1958 (11 mths) <sup>1)</sup>	2 614	433	639	670	241	4 597
<i>Italy</i>						
1952	2 885	1 083	741	114	254	5 007
1953	1 609	1 704	613	46	249	4 222
1954	2 852	1 324	375	111	179	4 842
1955	5 632	781	106	208	92	6 820
1956	6 665	380	133	229	174	7 581
1957	8 201	132	125	239	107	8 805
1957 (11 mths)	7 557	126	98	224	104	8 111
1958 (11 mths) <sup>1)</sup>	6 202	32	484	212	139	7 068

<sup>1)</sup> Provisional figures

TABLE No 5 (contd)

		('000 metric tons)				
Country of destination \ Country of origin	U S A	U K	Poland	U S S R	Other third countries	Total
<i>Luxembourg</i>						
1952	—	67	—	—	—	67
1953	—	6	—	—	—	6
1954	—	5	—	—	—	5
1955	—	—	—	—	—	—
1956	37	—	—	—	—	37
1957	13	2	—	—	—	15
1957 (11 mths)	13	2	—	—	—	15
1958 (11 mths) <sup>1)</sup>	—	—	—	—	—	—
<i>Netherlands</i>						
1952	2 108	422	121	36	19	2 707
1953	701	986	24	80	10	1 802
1954	1 181	809	—	135	4	2 129
1955	1 719	750	—	128	5	2 603
1956	4 169	713	4	171	63	5 120
1957	4 581	697	—	69	37	5 384
1957 (11 mths)	4 317	640	—	63	37	5 037
1958 (11 mths) <sup>1)</sup>	3 021	467	60	30	53	3 630
<i>Community</i>						
1952	16 302	3 516	1 628	382	436	22 264
1953	6 684	5 085	1 193	432	426	13 823
1954	6 164	5 291	1 157	712	598	13 924
1955	15 935	4 305	1 258	1 079	469	23 048
1956	30 389	3 567	2 235	1 175	680	38 046
1957	37 828 <sup>2)</sup>	2 635	1 999	1 001	495	43 959 <sup>2)</sup>
1957 (11 mths)	35 169 <sup>3)</sup>	2 483	1 806	933	459	40 851 <sup>3)</sup>
1958 (11 mths) <sup>1)</sup>	24 083 <sup>4)</sup>	1 487	2 247	1 054	558	29 429 <sup>4)</sup>

<sup>1)</sup> Provisional figures<sup>2)</sup> Including 87 to the Saar<sup>3)</sup> Including 56 to the Saar<sup>4)</sup> Including 10 to the Saar

TABLE No 6

## Hard-Coal Exports to Third Countries

('000 metric tons)

Country of origin \ Country of destination	U K	Scandinavian countries	Switzerland	Austria	Other countries	Total
<i>Germany (Fed Rep)</i>						
1952	—	434	511	1 627	532	3 104
1953	26	548	405	1 778	507	3 264
1954	407	500	561	1 889	371	3 729
1955	181	563	555	1 081	445	2 825
1956	—	542	611	921	415	2 489
1957	—	477	587	923	687	2 675
1957 (11 mths)	—	440	562	812	612	2 426
1958 (11 mths) <sup>1)</sup>	—	135	314	627	463	1 540
<i>Spain</i>						
1952	—	80	253	81	139	552
1953	227	185	315	196	171	1 094
1954	498	171	355	147	167	1 337
1955	742	254	440	243	97	1 776
1956	231	2	360	132	72	797
1957	83	—	371	64	40	557
1957 (11 mths)	83	—	349	59	40	530
1958 (11 mths) <sup>1)</sup>	—	—	206	42	64	312
<i>Belgium</i>						
1952	—	139	50	—	43	232
1953	192	64	50	2	274	582
1954	911	132	230	1	123	1 397
1955	1 537	116	348	0	55	2 056
1956	747	107	300	0	11	1 165
1957	616	77	161	—	1	855
1957 (11 mths)	516	72	160	—	1	749
1958 (11 mths) <sup>1)</sup>	588	13	70	—	1	671
<i>France</i>						
1952	—	54	265	40	182	539
1953	116	229	267	129	140	881
1954	557	172	322	43	195	2 288
1955	1 994	429	526	99	282	3 330
1956	350	122	442	46	159	1 119
1957	161	9	412	58	224	863
1957 (11 mths)	152	9	387	55	197	800
1958 (11 mths) <sup>1)</sup>	50	—	253	31	476	810

<sup>1)</sup> Provisional figures

TABLE No 6 (contd.)

('000 metric tons)

Country of origin \ Country of destination	U K	Scandinavian countries	Switzerland	Austria	Other countries	Total
<i>Netherlands</i>						
1952	—	—	—	—	15	15
1953	—	0	39	0	12	51
1954	—	13	87	1	8	110
1955	—	11	93	2	4	110
1956	—	3	137	6	6	152
1957	—	20	121	5	4	149
1957 (11 mths)	—	19	116	5	4	143
1958 (11 mths) <sup>1)</sup>	—	72	68	2	4	145
<i>Community</i>						
1952	—	707	1 079	1 748	908	4 442
1953	561	1 026	1 076	2 105	1 104	5 872
1954	2 373	988	1 555	2 081	864	7 861
1955	4 455	1 372	1 962	1 424	883	10 097
1956	1 328	776	1 850	1 105	663	5 722
1957	859	582	1 651	1 050	957	5 099
1957 (11 mths)	750	538	1 573	932	854	4 648
1958 (11 mths) <sup>1)</sup>	638	220	911	702	1 008	3 480

<sup>1)</sup> Provisional figures

TABLE No 7

## Coke Exports to Third Countries

('000 metric tons)

Country of origin \ Country of destination	Scandinavian countries	Switzerland	Austria	Other third countries	Total
<i>Germany (Fed Rep)</i>					
1952	3 049	412	240	323	4 024
1953	2 251	384	275	310	3 220
1954	2 766	422	336	905	4 430
1955	2 848	414	313	495	4 070
1956	2 800	469	309	176	3 574
1957	1 787	420	362	291	2 860
1957 (11 mths)	1 651	409	333	264	2 657
1958 (11 mths) <sup>1)</sup>	1 141	290	316	291	2 038
<i>Saar</i>					
1952	—	—	6	—	6
1953	—	—	4	—	4
1954	—	—	1	—	1
1955	—	—	1	3	4
1956	—	0	—	—	0
1957	—	0	—	—	0
1957 (11 mths)	—	0	—	—	0
1958 (11 mths) <sup>1)</sup>	—	—	—	—	—
<i>Belgium</i>					
1952	200	43	0	172	415
1953	337	17	9	93	456
1954	165	17	7	137	326
1955	206	8	1	63	278
1956	283	12	0	5	300
1957	197	11	0	9	217
1957 (11 mths)	184	11	0	4	199
1958 (11 mths) <sup>1)</sup>	425	3	2	18	448
<i>France</i>					
1952	3	12	—	17	32
1953	21	29	2	19	71
1954	42	40	2	24	108
1955	113	48	4	24	189
1956	11	50	—	18	79
1957	1	50	—	22	73
1957 (11 mths)	—	49	—	21	70
1958 (11 mths) <sup>1)</sup>	2	24	—	18	44

<sup>1)</sup> Provisional figures



TABLE No 7 (contd )

('000 metric tons)

Country of origin \ Country of destination	Scandinavian countries	Switzerland	Austria	Other third countries	Total
<i>Italy</i>					
1952	—	—	—	79	79
1953	—	—	—	70	70
1954	—	—	—	51	51
1955	—	—	—	14	14
1956	—	—	5	0	5
1957	—	—	—	3	3
1957 (11 mths)	—	—	—	3	3
1958 (11 mths) <sup>1)</sup>	—	2	3	4	9
<i>Netherlands</i>					
1952	452	134	—	54	637
1953	427	113	—	37	577
1954	487	124	—	16	627
1955	608	116	—	40	764
1956	642	138	—	46	826
1957	466	118	21	27	631
1957 (11 mths)	429	114	21	23	587
1958 (11 mths) <sup>1)</sup>	324	79	22	39	464
<i>Community</i>					
1952	3 704	601	246	645	5 193
1953	3 036	543	290	529	4 398
1954	3 460	603	346	1 133	5 543
1955	3 779	586	319	636	5 319
1956	3 735	669	314	245	4 963
1957	2 450	600	383	351	3 785
1957 (11 mths)	2 264	583	354	315	3 517
1958 (11 mths) <sup>1)</sup>	1 892	398	343	370	3 003

<sup>1)</sup> Provisional figures

TABLE No 8  
Pithead Stocks of Hard Coal

Coalfield	('000 metric tons at end of period)									
	1952	1953	1954	1955		1956		1957		1958 <sup>a)</sup>
				Total tonnage	Low-grade products <sup>1)</sup>	Total tonnage	Low-grade products <sup>1)</sup>	Total tonnage	Low-grade products <sup>1)</sup>	
<i>Germany (Fed Rep )</i>										
Ruhr	465	841	654	572	4%	700	2%	735	3%	8 555
Aachen	445	783	617	540	3%	653	2%	684	3%	7 808
Lower Saxony	12	10	17	19	22%	29	10%	25	4%	563
<i>Saar</i>	8	48	21	13	27%	17	0%	26	0%	185
<i>Belgium</i>	462	536	821	228	86%	102	68%	181	45%	898
Limbourg	1 673	3 077	2 815	371	64%	179	69%	1 413	45%	6 926
<i>France <sup>2)</sup></i>	667	1 169	898	69	61%	23	78%	500	27%	2 508
Nord/Pas-de-Calais	1 006	1 908	1 917	302	65%	156	66%	913	56%	4 418
Lorraine	4 213	5 736	7 838	5 983	83%	4 524	88%	4 583	83%	7 564
Centre/Midi	1 553	2 036	2 995	1 759	68%	1 416	68%	1 559	62%	2 488
<i>Italy</i>	1 181	1 391	2 032	1 790	98%	1 458	98%	1 498	98%	2 734
All coalfields	1 442	2 292	2 769	2 417	83%	1 636	94%	1 506	90%	2 322
<i>Netherlands</i>	53	49	26	65	2%	29	7%	50	2%	25
Limburg	237	313	287	292	69%	259	68%	312	55%	746
Community	7 103	10 472	12 441	7 511	75%	5 793	75%	7 273	65%	24 714

<sup>1)</sup> Percentage of low-grade products covers middlings, slurry, slack and various other low-grade fuels

<sup>2)</sup> Including stocks at mines which have not been nationalized

<sup>3)</sup> Provisional figures

TABLE No 9

**Stocks of Coke at Coking-Plants***('000 metric tons at end of period)*

Country	1952	1953	1954	1955	1956	1957	1958 <sup>1)</sup>
Germany (Fed Rep )	110	3 429	1 984	164	178	622	5 287
Saar	18	34	19	12	20	53	51
Belgium	101	200	127	71	87	237	219
France	187	435	375	164	175	448	710
Italy	52	63	58	62	50	129	320 <sup>2)</sup>
Netherlands	63	99	82	82	68	163	342
Community	531	4 260	2 645	555	578	1 653	6 929

<sup>1)</sup> Provisional figures<sup>2)</sup> Estimated

TABLE No. 10

## Trade in Hard Coal and Hard-Coal Briquettes within the Community

Country of supply	Countries of destination	1952	1953
<i>Germany (Fed Rep )</i>	Belgium	317	691
	France/Saar	3 706	3 828
	Italy	2 993	3 241
	Luxembourg	103	127
	Netherlands	2 143	2 544
	Total	9 262	10 611
<i>Belgium</i>	Germany (Fed Rep )	19	107
	France/Saar	1 228	1 830
	Italy	681	839
	Luxembourg	65	23
	Netherlands	574	1 070
	Total	2 567	3 869
<i>France/Saar</i>	Germany (Fed Rep )	3 940	4 320
	Belgium	169	147
	Italy	214	471
	Luxembourg	155	129
	Netherlands	4	106
	Total	4 482	5 173
<i>Netherlands</i>	Germany (Fed Rep )	—	10
	Belgium	4	175
	France/Saar	—	74
	Italy	—	4
	Luxembourg	—	—
	Total	4	263
Grand Total		16 315	19 916
<i>of which</i>			
Germany (Fed Rep )		3 959	4 437
Belgium		490	1 013
France/Saar		4 934	5 732
Italy		3 888	4 735
Luxembourg		323	279
Netherlands		2 721	3 720

1) Provisional figures

( '000 metric tons )

	1954	1955	1956	1957	1957 (11 mths )	1958 (11 mths ) <sup>1)</sup>
	1 930 4 256 3 505 118 3 028	1 197 3 568 2 899 119 2 440	1 160 3 629 3 011 141 2 264	1 258 4 259 2 778 131 2 104	1 143 3 878 2 642 122 1 945	1 610 4 098 1 132 117 1 827
	12 837	10 223	10 205	10 530	9 730	8 784
	226 1 597 576 38 2 166	754 1 502 185 49 2 965	424 1 440 98 49 1 915	260 2 002 23 44 1 480	244 1 823 23 42 1 390	44 1 170 0 13 761
	4 603	5 455	3 926	3 809	3 522	1 988
	4 239 331 417 132 10	5 141 602 308 132 455	3 919 406 233 135 46	3 858 293 157 125 51	3 555 277 150 116 48	2 782 172 38 108 45
	5 129	6 638	4 739	4 484	4 146	3 145
	124 521 386 — —	227 356 337 — —	198 330 309 — —	229 405 372 0 0	215 366 347 0 1	109 650 452 4 0
	1 031	920	837	1 006	929	1 215
	23 600 4 589 2 782 6 239 4 498 288 5 204	23 236 6 122 2 155 5 407 3 392 300 5 860	19 707 4 541 1 896 5 378 3 342 325 4 225	19 829 4 347 1 956 6 633 2 957 301 3 635	18 328 4 014 1 786 6 048 2 816 281 3 383	15 133 2 935 2 432 5 720 1 174 238 2 634

TABLE No 11

## Coke Trade within the Community

Country of supply	Countries of destination	1952	1953
<i>Germany (Fed Rep )</i>	Belgium	—	8
	France/Saar	3 442	2 768
	Italy	2	11
	Luxembourg	2 970	2 798
	Netherlands	179	270
	Total	6 593	5 855
<i>Belgium</i>	Germany (Fed Rep )	201	21
	France/Saar	197	—
	Italy	—	220
	Luxembourg	140	102
	Netherlands	5	22
	Total	543	365
<i>France/Saar</i>	Germany (Fed Rep )	120	158
	Belgium	—	—
	Italy	—	—
	Luxembourg	—	—
	Netherlands	—	—
	Total	120	158
<i>Netherlands</i>	Germany (Fed Rep.)	—	2
	Belgium	2	17
	France/Saar	518	448
	Luxembourg	234	203
	Total	754	670
	Grand Total <sup>1)</sup>	8 104	7 075
	of which		
	Germany (Fed Rep ) <sup>1)</sup>	321	181
	Belgium	2	25
	France/Saar <sup>1)</sup>	4 251	3 463
	Italy	2	11
	Luxembourg	3 344	3 103
	Netherlands	184	292

<sup>1)</sup> Including some small tonnages delivered by Italy<sup>2)</sup> Provisional figures<sup>3)</sup> Including 3 to Italy<sup>4)</sup> Including 4 to Italy

( '000 metric tons )

1954	1955	1956	1957	1957 (11 mths )	1958 (11 mths ) <sup>4)</sup>
48 2 212 23 2 773 346	60 3 523 21 3 140 386	59 3 582 4 3 187 315	57 3 625 13 3 086 271	51 3 314 12 2 820 255	62 3 097 46 2 834 172
5 402	7 130	7 147	7 052	6 452	6 211
1 451 — 102 8	23 356 — 92 27	115 386 — 91 33	9 467 1 173 36	9 425 1 168 35	5 301 1 53 12
562	498	625	686	638	372
184 4 — — —	166 7 — — 14	143 0 — — 2	156 3 — — 0	141 3 — — 0	61 1 31 —
188	187	146	159	144	93
3 24 565 246	13 73 721 304	12 47 744 363	13 60 788 451	13 56 726 415	6 69 560 340
838	1 111	1 167	1 315 <sup>3)</sup>	1 213 <sup>3)</sup>	979 <sup>4)</sup>
6 990 188 76 3 228 23 3 121 354	8 992 267 140 4 601 21 3 536 427	9 137 305 106 4 726 4 3 641 350	9 338 181 120 4 984 16 3 730 307	8 567 166 110 4 562 15 3 423 291	7 686 73 132 3 989 81 3 227 184

## Development of Coal Prices in the Community <sup>1)</sup>

(\$ per metric ton, exclusive of taxes)

Type	Size	Year	Ruhr		Aachen		Netherlands		Belgium *) Cobechar sales		Belgium independent sales		Nord/ Pas-de-Calais		Lorraine		Saar	
			month	price	month	price	month	price	month	price	month	price	month	price	month	price	month	price
Coke	large	1952	May	13 94	May	13 94							May	18 66	May	20 14	May	20 14
		1953	March	14 63	March	15 88	April	16 63					March	18 80	March	20 29	March	20 29
		1954	April	14 17	April	15 43	April	16 13					April	18 80	April	20 00	April	19 71
		1955	May	14 86	May	16 34	May	16 40					May	18 09	May	19 57	May	19 43
		1956	April	15 69	April	17 39	April	17 99					April	18 09	April	19 57	April	20 14
		1957	April	17 65	April	18 88	April	19 58					April	20 23	April	21 00	April	20 86
		1958	March	18 48	March	20 28	March	21 03					March	19 76	March	21 43	March	20 24
		1959	Jan	18 48	Jan.	20 28	Jan	21 03					Jan	19 04	Jan	20 86	Jan	20 05
Anthracite	French nuts	1952	May	19 20	May	19 20			June	27 14	June	27 14	May	26 06				
		1953	March	22 17	March	23 42	April	26 29	March	27 60			March	26 57				
		1954	April	22 17	April	23 88	April	26 29	April	27 60			April	26 86				
		1955	May	22 63	May	25 14	May	28 57	June	30 00			May	27 83				
		1956	April	23 08	April	25 83	April	29 89	April	30 00			April	27 83				
		1957	April	24 02	April	27 43	April	32 14	April	33 60			April	27 83				
		1958	March	25 21	March	28 45	March	32 14	March	34 60			March	26 50				
		1959	Jan	25 21	Jan.	28 45	Jan.	33 73	Jan	34 60			Jan	25 83				
Low volatile	small nuts	1952	May	16 23	May	16 23			June	27 14			May	26 06				
		1953	March	18 74	March	20 00	April	21 71	March	27 60			March	26 57				
		1954	April	18 74	April	20 22	April	21 33	April	27 60			April	26 86				
		1955	May	19 20	May	21 60	May	22 49	June	30 00			May	27 26				
		1956	April	19 66	April	22 28	April	23 81	April	30 00			April	27 26				
		1957	April	20 59	April	23 31	April	25 53	April	33 60			April	27 26				
		1958	March	21 67	March	24 56	March	25 53	March	34 10			March	25 79				
		1959	Jan	21 67	Jan.	24 56	Jan	26 19	Jan	34 10			Jan	25 22				



Semi-bituminous	singles	1952	May 11 65			April 14 48	June 17 22		May 19 66		
		1953	March 13 03			April 13 71	March 16 40		March 18 69		
		1954	April 13 03	April 13 71		April 14 48	April 16 40		April 18 69		
		1955	May 13 71	May 14 06		May 14 55	June 15 70		May 18 00		
		1956	April 14 17	April 14 74		April 14 55	April 15 70		April 18 00		
Bituminous		1957	April 15 11	April 16 00		April 17 33	April 19 40		April 19 14		
		1958	March 15 84	March 16 91		March 18 65	March 20 10	March 20 10	March 17 07		
		1959	Jan 15 84	Jan 16 91		Jan 18 65	Jan 19 70	Jan 19 20	Jan 16 00		
	washed	1952	May 10 86	May 10 86		April 13 84	June 14 32		May 13 89	May 12 51	May 13 26
	duff or	1953	March 12 00	March 13 25		April 12 95	March 14 20		March 14 40	March 12 63	March 13 54
High-volatile bituminous	coking	1954	April 11 54	April 12 80		April 12 96	April 14 06		April 14 26	April 13 00	April 13 97
	fines	1955	May 12 00	May 13 14		May 12 96	June 13 82		May 13 71	May 12 66	May 13 83
		1956	April 12 46	April 13 83		April 12 96	April 13 82		April 13 70	April 12 66	April 14 00
		1957	April 13 39	April 14 86		April 14 55	April 17 30		April 14 57	April 14 00	April 14 86
		1958	March 14 01	March 16 00		March 15 34	March 17 30	March 17 30	March 13 75	March 13 69	March 15 12
Taxes to be added		1959	Jan 14 01	Jan 16 00		Jan 15 34	Jan 15 70	Jan 15 60	Jan 13 27	Jan 13 57	Jan 14 79
	doubles	1952	May 11 31				June 18 22		May 17 43	May 17 71	May 18 29
		1953	March 12 68				March 17 20		March 17 83	March 17 83	March 16 97
		1954	April 12 45				April 17 20		April 17 69	April 17 83	April 18 86
		1955	May 12 91				May 16 26		May 17 69	May 17 83	May 19 11
		1956	April 13 37				April 16 26		April 17 69	April 17 83	April 18 86
		1957	April 14 31				April 18 90		April 18 66	April 17 83	April 19 14
		1958	March 14 93				March 18 90	March 18 90	March 17 24	March 16 67	March 17 71
		1959	Jan 14 93				Jan 18 90	Jan 17 20	Jan 15 60	Jan 15 50	Jan 16 51
		1952	4 16%	4 16%	4 16%	4 16%	4 50%		7 93%	7 93%	9 11%
		1953	4 16%	4 16%	4 16%	4 16%	4 50%		7 93%	7 93%	9 11%
		1954	4 16%	4 16%	4 16%	4 16%	4 50%		7 93%	7 93%	9 11%
		1955	4 16%	4 16%	4 16%	4 16%	4 50%		7 93%	7 93%	9 11%
		1956	4 16%	4 16%	4 16%	5 30%	5 00%		9 29%	9 29%	11 11%
		1957	4 16%	4 16%	4 16%	5 30%	5 00%		11 11%	11 11%	11 11%
		1958	4 16%	4 16%	4 16%	5 30%	5 00%		11 11%	11 11%	11 11%
		1958	4 16%	4 16%	4 16%	5 30%	5 00%		11 11%	11 11%	11 11%

1) See notes on page 334.

2) As from the end of December 1958, three Campine enterprises have resumed their commercial independence and have lodged price-schedules of their own.

*Notes to Table No 12*

The 1952 prices are prices for sales in the home market. Export prices, even those for exports to other Community countries (which were not then part of the Common Market), were for the most part much higher. This system of dual pricing was abolished when the Common Market was introduced.

The prices of the Ruhr and Aachen coalfields were before the introduction of the Common Market for delivery "f.o.t. Ruhr basing point". The change in the method of quoting to "f.o.t. at colliery" reduced the delivered price for the customers located nearer to the colliery than to the basing point. This was, for instance, the case for the majority of the customers of the Aachen coalfield.

The types listed in col. 1 of the accompanying table correspond to the following schedule descriptions in the different coalfields:

*Anthracite*

Anthrazitkohlen (Ruhr), 7-10% volatile matter,  
 Anthrazitkohlen (Aachen), < 10% V.M.,  
 Anthraciet, 1st group (Netherlands), 7-9% V.M. or < 10% V.M.  
     6-9% V.M. (as from April 1, 1958),  
 Maigres (Belgium), < 10% V.M.,  
 Maigres or anthracites, (Nord/Pas-de-Calais), < 10% V.M.

*Low-volatile*

Magerkohlen (Ruhr and Aachen), 10-14% V.M.;  
 Anthraciet (Netherlands), 9-12% V.M.  
 10-12% V.M. (as from April 1, 1958),  
 $\frac{1}{4}$  gras (Belgium), 10-12 5% V.M.  
     10-14% V.M. (as from April 1, 1958),  
 $\frac{1}{4}$  gras (Nord/Pas-de-Calais), 14-18% V.M.

*Semi-bituminous*

Esskohlen (Ruhr), 14-19% V.M.,  
 $\frac{3}{4}$  Fettkohlen (Aachen), 16-19% V.M.,  
 $\frac{3}{4}$  Vet-rookzwakkekolen (Netherlands), 15-20% V.M.  
     14-18% V.M. (as from April 1, 1958),  
 $\frac{3}{4}$  gras (Belgium), 16-20% V.M.  
     18-20% V.M. (as from April 1, 1958),  
 Demi-gras (Nord/Pas-de-Calais), 14-18% V.M.

*Bituminous*

Fettkohlen (Ruhr), 19-28% V.M.,  
 Fettkohlen (Aachen), > 19% V.M.,  
 Vetkolen (Netherlands), 20-25% V.M.,  
 Gras A (Belgium), 20-28% V.M. (as from November 6, 1958,  
     Campine),  
 Gras and  $\frac{3}{4}$  gras (Nord/Pas-de-Calais), > 18% V.M.  
 Gras (Lorraine), 36-39% V.M.,  
 Gras (Saar), 33-40% V.M.

*High-volatile bituminous*

Gas- und Gasflammkohle (Ruhr), 28-40% V.M.,  
 Gras B (Belgium), > 28 5% V.M. (as from November 6, 1958,  
     Campine),  
 Flénus (Nord/Pas-de-Calais), > 30% V.M.,  
 Flambants secs (Lorraine and Saar), 40-42% V.M.

TABLE No 13

Development of Pithead Prices for Certain Types and Grades of Belgian Coal <sup>1)</sup>

Period	Gras B > 28% V M 30-50 mm				Gras A > 20-28% V M washed fines 0-10 mm				$\frac{3}{4}$ Gras > 18- 20% V M 10-20 mm		Maigres > 10-14% V M 20-30 mm	Anthracites >10% V M 20-30 mm	$\frac{1}{2}$ Gras briquettes 14-18% V M 10-14% ash
	Campine		South		Campine		South		Cobechar sales	Inde- pendent sales			
	Cobechar sales	Independent sales	Cobechar sales	Independent sales	Cobechar sales	Independent sales							
January 1, 1953		911			716				861		1 361	1 361	881
March 15, 1953		860			710				875		1 380	1 380	870
November 1, 1953		860			703				820		1 380	1 380	870
April 1, 1954		860			703				820		1 380	1 380	870
June 16, 1955		813			691				785		1 500	1 500	870
June 8, 1956		813			720				810		1 500	1 500	915
October 1, 1956		890			810				885		1 555	1 555	1 010
January 14, 1957		905			825				910		1 585	1 585	1 025
April 1, 1957		945			865				970		1 680	1 680	1 100
November 6, 1957		945	980		865	885			1 005		1 705	1 730	1 120
May 2, 1958		945	980		835	855			1 005		1 705	1 730	1 090
January 1, 1959 <sup>2)</sup>	945	860	980		785	805			985	960	1 730	1 730	990
<i>Increase from</i> January 1, 1953 — November 6, 1957	+34 or 3 7%	+69 or 7 6%			+149 or 20 8%	+169 or 23 6%			+144 or 16 7%		+344 or 25 3%	+344 or 25 3%	+239 or 27 1%
<i>Increase from</i> March 15, 1953 — November 6, 1957	+85 or 9 9%	+120 or 14%			+155 or 21 8%	+175 or 24 6%			+130 or 14 9%		+325 or 23 6%	+325 or 23 6%	+250 or 28 7%

<sup>1)</sup> Names of types are those adopted on November 6, 1957<sup>2)</sup> As from December, 1958, three Campine enterprises have resumed their commercial independence and have lodged price-schedules of their own

TABLE No. 14

**Comparative Movement of Coal Prices in the Different Coalfields  
of the Community**

(Ruhr prices = 100)

Coalfield	May 1952 <sup>1)</sup>	March 1956	April 1956	April 1957	March 1958	January 1959
<i>Aachen</i>						
Large coke	100	112	111	107	110	110
Anthracite	100	112	112	114	113	113
Low-volatile	100	114	113	113	113	113
Semi-bituminous	—	104	103	106	107	107
Bituminous	100	111	111	111	114	114
<i>Netherlands</i>						
Large coke	114	112	115	111	114	114
Anthracite	119	126	130	134	127	134
Low-volatile	116	117	121	124	118	121
Semi-bituminous	111	106	103	115	118	118
Bituminous	115	108	104	109	109	109
<i>Saar</i>						
Large coke	144	130	128	118	110	108
Bituminous	122	112	112	111	108	106
High-volatile bituminous	162	146	141	134	119	111
<i>Belgium</i>						
Anthracite	141	133	130	140	137	137
Low-volatile	167	156	153	163	157	157
Semi-bituminous	148	115	111	128	127	124
Bituminous	132	115	111	129	123	112
High-volatile bituminous	161	126	122	132	127	127
<i>Nord/Pas-de-Calais</i>						
Large coke	134	122	116	115	107	103
Anthracite	136	123	120	116	105	102
Low-volatile	161	142	138	132	119	116
Semi-bituminous	169	131	127	127	108	101
Bituminous	128	114	110	109	98	95
High-volatile bituminous	154	137	133	130	115	104
<i>Lorraine</i>						
Large coke	144	132	125	119	116	113
Bituminous	115	105	102	105	98	97
High-volatile bituminous	156	138	134	125	112	104

<sup>1)</sup> May 1953 in the Netherlands

N B The very steep drop in the March 1958 indices for the Saar, Nord/Pas-de-Calais and Lorraine coalfields reflects the incidence on the prices of French and Saar coal in the Community of the application to coal, on October 28, 1957, of the French currency measures known as "Operation Twenty Per Cent". Similarly, the very steep drop in the January 1959 indices for the same areas (Saar, Nord/Pas-de-Calais and Lorraine) reflects the incidence on the prices, expressed in E M A units of account, of the French currency adjustments of December 27, 1958

TABLE No 15

**Price of U.S. Coal**  
(slack/coking fines)

(\$ per metric ton)

Year	Price f o b U S port <sup>1)</sup>	Average freight-charge Hampton Roads- Rotterdam <sup>2)</sup>	Price c i f
1953			
March	10.38	4.83	15 21
June	10 38	4.31	14 69
September	9 55	3 90	13 45
December	9 55	4 11	13 66
1954			
March	8 57	4.66	13 23
June	8 57	4.56	13 13
September	9 06	5.11	14 17
December	9 06	6.88	15 94
1955			
March	9 84	6.79	16 63
June	9 84	8 13	17 97
September	11 27	9.19	20 36
December	11 27	9.30	20 57
1956			
March	11 51	10.09	21 60
June	11 51	10.00	21 51
September	11 51	9.92	21 43
December	11 76	15 05	26 81
1957			
March	11 76	9.72	21 48
June	11.51	6.79	18 30
September	11 27	3.30	14 57
December	10 83	3.55	14 38
1958			
March	9 84	3 00	12 84
June	9 84	3.21	13 05
September	9 84	3 10	12 94
December	9 84	3 68	13 52
1959			
January	9 84	3 40 <sup>1)</sup>	13 24

<sup>1)</sup> Estimated<sup>2)</sup> Mean between maximum and minimum figures charged during the month in respect of single voyages

TABLE No 16

**Subsidies paid to Belgian Collieries during the period February 10, 1953, to December 31, 1958, under Sections 25, 26, 2a and 26, 2c of the Convention containing the Transitional Provisions <sup>3)</sup>**

Subsidy	1953		1954	
	Bfl	\$	Bfl	\$
<i>Compensation payments under Section 25 and 26, a</i>				
Assistance a) <sup>1)</sup>	322.7	6 45	426.2	8 53
<sup>2)</sup>	322 7	6 45	426 2	8 53
	645 4	12 90	852 4	17 06
<i>Convention assistance</i>				
<sup>1)</sup>	82 9	1 66	47 2	0 95
<sup>2)</sup>	82 9	1 66	47 2	0 95
	165 8	3 32	94.4	1 90
<i>Supplementary convention assistance</i>				
<sup>1)</sup>	165 8	3.32	43 1	0 84
<sup>2)</sup>	165.8	3 32	43 1	0.86
<i>Supporting fund</i>				
<sup>1)</sup>	165 8	3 32	86 2	1 72
<sup>2)</sup>	165 8	3 32	1 9	0 04
	165 8	3 32	178 3	3.56
	165 8	3 32	180 2	3 60
<i>Totals (A) <sup>1)</sup></i>				
<sup>2)</sup>	405 6	8 11	518 4	10 38
	405 6	8.11	694.8	13 90
	811 2	16.22	1 213 2	24 28
<i>Compensation payments under Section 26 2c</i>				
<i>Totals (B) <sup>1)</sup></i>	47.3	0 95	155 1	3 10
<sup>2)</sup>	47 3	0 95	155 1	3 10
	94 6	1 90	310 2	6.20
<i>Compensation payments under Sections 25, 26, 2a and 26 2c</i>				
<i>Totals (A+B) <sup>1)</sup></i>	452 9	9 06	673 5	13 48
<sup>2)</sup>	452 9	9 06	849 9	17 00
	905 8	18 12	1 523 4	30 48

<sup>1)</sup> Payable by the Community

<sup>2)</sup> Payable by the Belgian Government

<sup>3)</sup> Provisional figures

(Bfr '000,000 and \$ '000,000)

1955		1956		1957		1958		Total	
Bfr	\$	Bfr	\$	Bfr	\$	Bfr	\$	Bfr	\$
487 6	9 75	331 6	6 63	305 2	6 11	33 2	0 66	1 906 5	38 13
487.6	9 75	331 6	6 63	305 2	6 11	33 2	0 66	1 906 5	38 13
975 2	19 50	663 2	13 26	610 4	12 22	66 4	1 32	3 813 0	76 26
124 4	2 49	40 0	0 80	610 4	12 22	—	—	294 5	5 90
330.5	6 61	395 7	7 91	640 2	12 80	685 2	13 71	2 181 7	43 64
454 9	9 10	435 7	8 71	640 2	12 80	685 2	13 71	2 476 2	49 54
454 9	9 10	435 7	8 71	640 2	12 80	685 2	13 71	43 1	0 86
454 9	9 10	435 7	8 71	640 2	12 80	685 2	13 71	43 1	0 86
454 9	9 10	435 7	8 71	640 2	12 80	685 2	13 71	86 2	1 72
454 9	9 10	435 7	8 71	640 2	12 80	685 2	13 71	1 9	0 04
454 9	9 10	435 7	8 71	640 2	12 80	685 2	13 71	178 3	3.56
454 9	9 10	435 7	8 71	640.2	12.80	685 2	13 71	180 2	3 60
612 0	12 24	371 6	7 43	305 2	6 11	33 2	0 66	2 246 0	44 93
818 1	16 36	727 3	14 54	945 4	18 91	718 4	16 37	4 309 6	86 19
1 430 1	28 60	1 098 9	21 97	1 250 6	25 02	751 6	15 03	6 555.6	131.12
55 3	1 10	1 098 9	21 97	1 250 6	25 02	751 6	15 03	257.7	5 15
55 3	1 10	1 098 9	21 97	1 250 6	25 02	751 6	15 03	257 7	5 15
110 6	2 20	1 098 9	21 97	1 250 6	25 02	751 6	15 03	515 4	10 30
667 3	13 34	371 6	7 43	305 2	6 11	33 2	0 66	2 503 7	50 08
873 4	17 46	727 3	14 54	945 4	18 91	718 4	14.37	4 567 3	91 34
1 540 7	30 80	1 098 9	21 97	1 250 6	25 02	751 6	15 03	7 071 0 *)	141 42

\*) Exclusive of Belgian enterprises' share  
 compensation payments a) supporting fund Bfr 49,879,147 50 (1954)  
 compensation payments c) Bfr 128,850,993 (1953-54 and 1955, 1st quarter)

TABLE No 18

## Iron-Ore Trade within the Community

Country of supply	Countries of destination	1952	1953	1954	1955	1956	1957	1957 first nine months	1958 first nine months
<i>Germany</i> ( <i>Fed Rep.</i> )	Belgium/Luxembourg	—	—	1 2	0 9	1 7	1 3	0 8	1 2
	France/Saar	51 6	57 6	51 6	24 1	39 0	59 8	44 5	30 4
	Italy	1 2	1 2	1 2	2 1	2 1	1 7	1 3	1 3
	Netherlands	0 0	0 0	0 0	3 0	4 2	13 9	8 5	0 2
	Total	52 8	58 8	54 0	30 1	47 0	76 7	55 1	33 1
<i>Luxembourg</i>	Germany (Fed. Rep.)	434 4	267 6	99 6	386 0	586 7	378 1	340 6	17 4
	France/Saar	10 8	614 4	27 6	36 5	60 5	133 9	111 3	67 8
	Total	445 2	882 0	127 2	422 5	647 2	512 0	451 9	85 2
<i>France</i>	Germany (Fed. Rep.)	379 2	340 8	242 4	353 9	589 7	1 064 6	825 3	822 3
	Belgium/Luxembourg	8 395 2	9 001 2	10 261 2	12 537 5	12 634 4	12 559 7	9 230 7	10 091 0
	Netherlands	132 0	187 2	144 0	141 4	104 5	57 7	47 9	34 4
	Total	8 906 4	9 529 2	10 647 6	13 032 8	13 328 6	13 682 0	10 103 9	10 947 7
	Grand total <sup>1)</sup>	9 404 4	10 470 0	10 828 8	13 521 5	14 067 6	14 313 8	10 623 6	11 077 4
	<i>of which</i> <sup>2)</sup>								
	Germany (Fed. Rep.)	813 6	608 4	342 0	776 0	1 221 2	1 481 5	1 174 4	851 5
	Belgium/Luxembourg	8 395 2	9 001 2	10 262 4	12 538 4	12 636 1	12 561 4	9 231 8	10 092 2
	France/Saar	62 4	672 0	79 2	60 6	99 5	193 7	155 8	98 2
	Italy	1 2	1 2	1 2	2 1	2 1	1 7	1 3	1 3
	Netherlands	132 0	187 2	144 0	144 4	108 7	75 5	60 3	34 6

<sup>1)</sup> Including some small tonnages delivered by Italy and the Netherlands<sup>2)</sup> Estimates based on deliveries



TABLE No 19

Scrap Trade between Community Countries <sup>1)</sup>

('000 metric tons)

Country	1954	1955	1956	1957	1957 first nine months	1958 months
<i>Deliveries to other Community countries by</i>						
Germany (Fed Rep.)	676	560	820	776	605	596
Belgium/Luxembourg	142	122	31	91	52	102
France/Saar	916	848	620	678	536	375
Italy	0	0	2	6	1	0
Netherlands	118	190	254	263	206	138
Community	1 852	1 720	1 727	1 814	1 400	1 211
<i>Purchases from other Community countries by</i>						
Germany (Fed Rep.)	287	285	133	218	165	68
Belgium/Luxembourg	136	197	424	235	211	150
France/Saar	65	107	253	253	175	289
Italy	1 342	1 120	907	1 091	835	692
Netherlands	22	11	10	17	14	12
Community	1 852	1 720	1 727	1 814	1 400	1 211

<sup>1)</sup> Customs figures, deliveries calculated from import statistics

TABLE No 20

## Trend in New Orders for Rolled Products According to Origin

('000 metric tons)

Year	Home markets	Other Community countries	Third countries
1954	24 738	4 827	7 854
1955	27 307	5 101	7 321
1956	27 492	4 644	9 876
1957	28 028	5 162	7 029
1958	23 986	4 304	9 254
1st quarter (m'ly av)	2 242	382	591
2nd quarter (m'ly av)	1 889	312	904
3rd quarter (m'ly av)	1 861	358	799
4th quarter (m'ly av)	2 003	383	791

TABLE No 21

**New Orders for Rolled Products, Deliveries by Works and Orders in Hand**

('000 metric tons)

Year	New orders	Deliveries by works	Orders in hand (at end of period)
1954	37 419	32 022	11 716
1955	39 729	37 980	13 688
1956	42 012	41 124	15 244
1957	40 219	42 923	12 842
1958	37 544	41 900 <sup>1)</sup>	8 500 <sup>1)</sup>
1st quarter (m'ly av)	3 215	3 619	11 628
2nd quarter (m'ly av)	3 105	3 451	10 582
3rd quarter (m'ly av)	3 018	3 389	9 432
4th quarter (m'ly av)	3 177	3 500 <sup>1)</sup>	8 650 <sup>1)</sup>

<sup>1)</sup> Estimates based on 11 months

TABLE No. 22

**Pig-Iron and Ferro-Alloys Production**

('000 metric tons)

Year	Germany (Fed Rep)	Saar	Belgium	France	Italy	Nether- lands	Luxem- bourg	Com- munity
1952	12 877	2 550	4 775	9 772	1 143	3 076	539	34 732
1953	11 654	2 382	4 228	8 664	1 254	2 719	591	31 492
1954	12 512	2 497	4 573	8 838	1 298	2 800	610	33 128
1955	16 482	2 879	5 343	10 941	1 677	3 048	669	41 039
1956	17 577	3 017	5 683	11 419	1 935	3 272	662	43 565
1957	18 358	3 125	5 579	11 884	2 138	3 329	701	45 114
1958	16 659	3 082	5 526	11 954	2 105	3 276	914	43 516
1st quarter (m'ly av)	1 521	259	465	1 030	160	273	69	3 777
2nd quarter (m'ly av)	1 351	252	448	1 008	181	273	70	3 583
3rd quarter (m'ly av)	1 356	260	457	929	194	270	81	3 547
4th quarter (m'ly av)	1 324	257	471	1 020	167	276	85	3 600

TABLE No 23

**Crude Steel Production**

(by countries)

('000 metric tons)

	Germany (Fed Rep)	Saar	Belgium	France	Italy	Luxembourg	Netherlands	Community
1952	15 806	2 823	5 170	10 867	3 535	3 002	693	41 896
1953	15 420	2 682	4 527	9 997	3 500	2 658	874	39 658
1954	17 435	2 805	5 003	10 627	4 207	2 828	937	43 842
1955	21 336	3 166	5 894	12 631	5 395	3 226	979	52 627
1956	23 189	3 374	6 376	13 441	5 911	3 456	1 051	56 798
1957	24 508	3 452	6 267	14 105	6 766	3 493	1 183	59 775
1958	22 785	3 485	6 005	14 590	6 270	3 380	1 435	57 950
1st quarter (m'ly av)	2 087	299	526	1 278	544	285	116	5 135
2nd quarter (m'ly av)	1 871	280	486	1 235	528	279	120	4 799
3rd quarter (m'ly av)	1 855	296	488	1 125	495	276	117	4 652
4th quarter (m'ly av)	1 781	286	500	1 231	525	287	125	4 735

TABLE No 24

## Crude Steel Production in Germany and France

(by areas)

Area	1952	1953	1954	1955	1956	1957	1957 — 1958	
							Nine months	
North Rhine-Westphalia	13 429	13 001	14 667	17 630	19 076	20 032	14 827	14 098
Eastern France	7 124	6 659	7 128	8 343	8 831	9 215	6 751	7 185
Schleswig-Holstein and Lower Saxony	1 281	1 402	1 605	2 339	2 691	3 044	2 216	2 329
Northern France	2 338	2 108	2 273	2 819	2 984	3 175	2 311	2 434
Baden Wurttemberg and Bavaria	569	521	571	677	712	713	538	486
Rhineland-Palatinate and Hesse	527	496	591	690	710	718	539	530
Central France	712	537	534	641	713	734	540	548
Western France	470	500	477	548	608	643	472	470
Other parts of France	223	193	214	280	306	335	246	260

( 000 metric tons )

TABLE No 25

**Production of High-Grade and Special Steels**

('000 metric tons)

Year	Germany (Fed Rep)	Benelux	France/Saar	Italy	Community
1955	1 755	168	1 296	838	4 057
1956	2 048	202	1 400	882	4 532
1957	1 905	183	1 495	1 007	4 590
1st quarter (m'ly av)	164 5	19 5	125 8	82 0	391 8
2nd quarter (m'ly av)	152 1	17 8	124 5	84 2	378 6
3rd quarter (m'ly av)	160 7	11 7	111 6	81 4	365 4
4th quarter (m'ly av)	157 6	11 8	136 3	88 3	394 0
1958					
1st quarter (m'ly av)	168 4	9 5	136 6	90 9	405 4
2nd quarter (m'ly av)	163 0	8 6	130 0	95 5	397 1
3rd quarter (m'ly av)	140 6	8 7	107 1	83 0	339 4

TABLE No 26

**Crude-Steel Production**  
(by manufacturing processes)

('000 metric tons)

Year	Basic Bessemer	Acid Bessemer	Open- hearth	Electric- furnace	Other processes	Total
1953	20 886	234	15 387	3 106	48	39 661
1954	22 633	216	17 387	3 601	5	43 842
1955	27 520	246	20 477	4 370	12	52 625
1956	29 388	252	22 103	5 035	17	56 796
1957	30 156	249	23 597	5 731	71	59 804
1st quarter (m'ly av.)	2 524	23	1 955	466	2	4 970
2nd quarter (m'ly av)	2 434	21	1 895	481	3	4 834
3rd quarter (m'ly av)	2 472	18	1 948	464	5	4 907
4th quarter (m'ly av)	2 622	21	2 069	490	14	5 216
1958						
1st quarter (m'ly av)	2 559	21	2 025	487	44	5 136
2nd quarter (m'ly av)	2 377	18	1 868	481	53	4 797
3rd quarter (m'ly av)	2 368	15	1 760	452	53	4 648

TABLE No 27

**Production of Finished Products**  
(by countries)

Year	('000 metric tons)							
	Germany (Fed Rep)	Saar	Belgium	France	Italy	Luxembourg	Netherlands	Community
1952	10 416	1 920	3 667	7 596	2 297	2 174	448	28 518
1953	9 916	1 782	3 306	6 868	2 150	1 913	629	26 564
1954	11 280	1 776	3 592	7 265	2 806	2 133	710	29 562
1955	13 977	2 094	4 351	8 916	3 549	2 402	867	36 156
1956	15 354	2 244	4 710	9 552	3 974	2 602	863	39 299
1957	16 154	2 330	4 386	10 068	4 499	2 589	911	40 937
1958								
1st quarter (m'y av)	1 386	214	367	940	355	206	86	3 554
2nd quarter (m'y av)	1 219	190	332	891	338	198	84	3 252
3rd quarter (m'y av)	1 250	196	330	766	319	195	78	3 134

TABLE No. 28

**Production of Finished Products**  
(by types of product)

Type of product	('000 metric tons)						
	1952	1953	1954	1955	1956	1957	1958 first 10 months
Permanent-way material	1 432	1 497	1 107	1 414	1 484	1 633	1 396
Heavy sections	2 723	2 549	2 738	3 298	3 629	3 846	2 789
Light sections	10 033	8 859	9 385	11 456	12 578	12 227	9 444
Wire-rod	2 844	2 491	3 161	3 638	3 751	3 895	3 327
Tube semis	973	980	1 132	1 323	1 457	1 543	1 154
Hoop and strip	2 273	1 848	2 569	3 011	3 087	3 155	2 664
Plate 3 mm and over	4 288	4 501	4 428	5 614	6 737	7 475	6 045
Sheet under 3mm	3 950	3 789	4 971	6 274	6 448	6 935	6 375
Coils (finished products)	2	50	70	127	129	226	152
Total	28 518	26 564	29 561	36 155	39 300	40 935	33 346

TABLE No 29

**Imports of Iron and Steel Products  
from Third Countries <sup>1) 2)</sup>**  
(by groups of products)

('000 metric tons)

Country of destination \ Group of products	Pig-iron	Ingots & semis	Finished products & end-products	Total
<i>Germany (Fed Rep)</i>				
1954	59	3	151	213
1955	134	18	230	382
1956	79	159	289	527
1957	30	172	321	522
1957 <sup>3)</sup>	17	66	126	209
1958 <sup>3)</sup>	120	45	232	397
<i>Belgium/Luxembourg</i>				
1954	92	1	55	148
1955	148	14	47	209
1956	201	7	45	253
1957	124	5	57	186
1957 <sup>3)</sup>	74	1	30	105
1958 <sup>3)</sup>	35	1	23	59
<i>France/Saar</i>				
1954	6	0	31	37
1955	9	0	34	43
1956	24	5	33	62
1957	58	1	53	112
1957 <sup>3)</sup>	35	0	31	66
1958 <sup>3)</sup>	3	2	14	19
<i>Italy</i>				
1954	130	54	220	404
1955	268	62	216	547
1956	250	91	191	532
1957	272	126	214	612
1957 <sup>3)</sup>	122	71	106	299
1958 <sup>3)</sup>	173	51	102	326

<sup>1)</sup> Exclusive of old rails<sup>2)</sup> As figures have been rounded off, totals by groups of products vary slightly from totals by countries of origin<sup>3)</sup> First 6 months

TABLE No 29 (contd )

('000 metric tons)

Country of destination \ Group of products	Pig-iron	Ingots & semis	Finished products & end-products	Total
<i>Netherlands</i>				
1954	13	0	132	145
1955	8	116	160	284
1956	23	47	122	192
1957	22	0	134	157
1957 <sup>1)</sup>	15	0	75	90
1958 <sup>1)</sup>	10	40	49	99
<i>Community</i>				
1954	300	59	588	947
1955	567	211	687	1 465
1956	576	310	680	1 466
1957	506	304	779	1 589
1957 <sup>1)</sup>	262	138	368	768
1958 <sup>1)</sup>	341	138	420	899

<sup>1)</sup> First 6 months



TABLE No 30

**Imports of Iron and Steel Products  
from Third Countries <sup>1)</sup> <sup>2)</sup>**  
(by countries of origin)

('000 metric tons)

Country of destination \ Country of origin	Austria	U K	Sweden	U S A & dependencies	Eastern Europe & U S S R	Other third countries	Total
<i>Germany (Fed Rep )</i>							
1954	127	20	25	28	1	12	213
1955	136	16	48	76	72	34	382
1956	159	11	46	106	183	23	528
1957	268	11	33	123	74	14	522
1957 <sup>3)</sup>	118	6	15	32	33	6	209
1958 <sup>3)</sup>	121	21	20	85	75	77	397
<i>Belgium/Luxemb</i>							
1954	27	10	22	26	34	29	148
1955	15	17	26	30	88	33	209
1956	17	24	10	18	156	29	253
1957	21	22	10	22	73	37	185
1957 <sup>3)</sup>	11	12	5	10	52	16	105
1958 <sup>3)</sup>	10	9	3	22	1	14	59
<i>France/Saar</i>							
1954	4	3	7	17	—	6	37
1955	8	3	10	16	—	6	43
1956	8	4	13	11	13	13	62
1957	21	12	15	19	29	16	112
1957 <sup>3)</sup>	10	10	8	11	15	12	66
1958 <sup>3)</sup>	3	0	7	2	1	5	19
<i>Italy</i>							
1954	214	42	8	75	43	22	404
1955	263	20	5	79	70	109	546
1956	259	14	5	58	87	109	532
1957	344	38	3	46	97	84	612
1957 <sup>3)</sup>	171	14	2	28	39	46	299
1958 <sup>3)</sup>	143	16	1	49	54	62	326

<sup>1)</sup> Exclusive of old rails<sup>2)</sup> As figures have been rounded off, totals by countries of origin vary slightly from totals by groups of products<sup>3)</sup> First 6 months

TABLE No 30 (contd )

('000 metric tons)

Country of destination \ Country of origin	Austria	U K	Sweden	U S A & dependencies	Eastern Europe & U S S R	Other third countries	Total
<i>Netherlands</i>							
1954	2	64	1	66	4	8	145
1955	4	56	2	170	17	35	284
1956	2	43	3	112	10	20	190
1957	9	50	2	71	11	14	157
1957 <sup>1)</sup>	1	30	1	44	7	7	90
1958 <sup>1)</sup>	2	19	1	26	4	46	99
<i>Community</i>							
1954	375	136	63	214	78	81	947
1955	426	112	92	371	247	217	1 465
1956	445	96	77	304	449	194	1 566
1957	663	133	63	281	284	165	1 589
1957 <sup>1)</sup>	310	71	31	124	145	87	768
1958 <sup>1)</sup>	279	65	31	184	135	204	899

<sup>1)</sup> First 6 months

TABLE No 31

**Exports of Iron and Steel Products to Third Countries <sup>1) 2)</sup>**  
(by countries of destination)

Country of origin \ Country of destination	North America	Central & South America	U K	Sweden
<i>Germany (Fed. Rep.)</i>				
1954	77	237	31	180
1955	48	209	62	165
1956	186	219	173	181
1957	102	346	103	229
1957 <sup>3)</sup>	49	137	60	123
1958 <sup>3)</sup>	25	139	43	105
<i>Belgium/Luxembourg</i>				
1954	300	522	64	230
1955	282	413	223	245
1956	604	366	352	170
1957	405	709	153	236
1957 <sup>3)</sup>	282	303	101	131
1958 <sup>3)</sup>	239	423	42	80
<i>France/Saar</i>				
1954	149	345	71	85
1955	203	359	316	85
1956	312	190	200	55
1957	188	253	59	60
1957 <sup>3)</sup>	140	144	33	33
1958 <sup>3)</sup>	19	125	9	17
<i>Italy</i>				
1954	0	43	8	—
1955	0	26	3	0
1956	9	61	12	0
1957	1	134	2	0
1957 <sup>3)</sup>	1	63	1	—
1958 <sup>3)</sup>	0	61	1	4
<i>Netherlands</i>				
1954	4	19	92	62
1955	1	42	57	60
1956	0	21	98	39
1957	0	58	72	43
1957 <sup>3)</sup>	0	25	23	23
1958 <sup>3)</sup>	0	30	78	28
<i>Community</i>				
1954	530	1 166	265	556
1955	532	1 048	762	556
1956	1 110	858	835	446
1957	697	1 501	389	568
1957 <sup>3)</sup>	473	672	218	310
1958 <sup>3)</sup>	282	779	173	233

<sup>1)</sup> Exclusive of old rails<sup>2)</sup> As figures have been rounded off, totals by countries of destination vary slightly from totals by groups of products<sup>3)</sup> First 6 months

(<sup>1</sup>000 metric tons)

	Eastern Europe & U S S R	Other European countries	Overseas territories of member States	Asia	Africa less territories of member States	Other areas	Total
	40	533	0	305	35	2	1 440
	52	602	1	254	51	4	1 445
	262	670	3	463	87	9	2 253
	337	843	14	703	89	4	2 770
	155	429	5	403	42	2	1 403
	121	287	2	182	39	1	943
	64	618	126	380	139	40	2 484
	65	736	150	415	198	77	2 805
	177	695	161	687	186	50	3 448
	119	668	175	704	199	11	3 379
	70	357	96	456	97	6	1 899
	65	305	56	309	106	7	1 631
	107	556	457	184	160	15	2 126
	154	715	526	360	194	41	2 953
	191	642	455	486	129	31	2 691
	261	556	554	420	112	28	2 491
	111	326	277	271	56	6	1 399
	217	187	290	195	36	4	1 099
	2	31	—	1	5	2	90
	2	77	—	17	11	5	141
	63	97	0	118	17	7	384
	71	101	2	159	18	1	490
	38	52	2	85	7	0	249
	42	45	0	54	11	1	222
	—	100	3	12	5	3	299
	—	89	10	11	2	5	377
	15	83	10	27	3	0	296
	6	67	12	20	4	0	283
	5	36	6	13	1	0	134
	—	36	3	15	3	—	192
	215	1 834	587	883	345	62	6 440
	273	2 216	686	1 058	455	134	7 723
	708	2 187	629	1 782	421	97	9 074
	793	2 236	756	2 006	422	44	9 413
	378	1 199	386	1 228	204	14	5 084
	445	862	352	754	196	13	4 088

TABLE No. 32

**Exports of Iron and Steel Products  
to Third Countries <sup>1)</sup> <sup>2)</sup>**

(by groups of products)

		('000 metric tons)			
Country of origin	Group of products	Pig-iron	Ingots & semis	Finished products & end- products	Total
<i>Germany (Fed Rep )</i>					
1954		181	164	1 095	1 440
1955		122	164	1 159	1 445
1956		229	167	1 858	2 254
1957		246	223	2 302	2 770
1957 <sup>3)</sup>		110	117	1 176	1 403
1958 <sup>3)</sup>		42	87	814	943
<i>Belgium/Luxembourg</i>					
1954		1	163	2 320	2 484
1955		1	163	2 641	2 806
1956		4	187	3 257	3 448
1957		14	369	2 997	3 379
1957 <sup>3)</sup>		7	149	1 743	1 899
1958 <sup>3)</sup>		1	226	1 404	1 631
<i>France/Saar</i>					
1954		49	260	1 817	2 127
1955		206	240	2 507	2 953
1956		84	150	2 458	2 692
1957		68	122	2 301	2 491
1957 <sup>3)</sup>		35	70	1 294	1 399
1958 <sup>3)</sup>		8	58	1 033	1 099
<i>Italy</i>					
1954		2	44	44	90
1955		2	37	102	142
1956		5	109	270	384
1957		2	152	336	490
1957 <sup>3)</sup>		1	72	176	249
1958 <sup>3)</sup>		0	47	175	222

<sup>1)</sup> Exclusive of old rails

<sup>2)</sup> As figures have been rounded off, totals by groups of products vary slightly from totals by countries of destination

<sup>3)</sup> First 6 months

TABLE No 32 (contd )

('000 metric tons)

Country of origin \ Group of products	Pig-iron	Ingots & semis	Finished products & end- products	Total
<i>Netherlands</i>				
1954	127	0	172	299
1955	167	—	210	377
1956	89	0	207	296
1957	64	0	219	283
1957 <sup>1)</sup>	24	0	110	134
1958 <sup>1)</sup>	33	—	159	192
<i>Community</i>				
1954	360	631	5 449	6 440
1955	498	605	6 620	7 723
1956	410	613	8 051	9 074
1957	393	865	8 155	9 413
1957 <sup>1)</sup>	177	408	4 499	5 084
1958 <sup>1)</sup>	85	418	3 585	4 088

<sup>1)</sup> First 6 months

TABLE No. 33

## Trade in Iron and Steel Products within the Community

Country of supply	Country of destination	1952	1953
<i>Germany (Fed Rep )</i>	Belgium/Luxembourg	88 8	118 8
	France/Saar	9 6	28 8
	Italy	62 4	79 2
	Netherlands	141 6	220 8
	Total	302 4	447 6
<i>Belgium/Luxembourg</i>	Germany (Fed Rep )	532 8	478 8
	France/Saar	14 4	73 2
	Italy	135 6	145 2
	Netherlands	571 2	546 0
	Total	1 254 0	1 243 2
<i>France/Saar</i>	Germany (Fed Rep )	243 6	543 6
	Belgium/Luxembourg	70 8	184 8
	Italy	121 2	253 2
	Netherlands	45 6	108 0
	Total	481 2	1 089 6
<i>Italy</i>	Germany (Fed. Rep )	0 5	0 0
	Belgium/Luxembourg	0 8	0 0
	France/Saar	0 1	3 6
	Netherlands	1 0	1 2
	Total	2 4	4 8
<i>Netherlands</i>	Germany (Fed Rep )	9 6	57 6
	Belgium/Luxembourg	51 6	36 0
	France/Saar	3 6	12 0
	Italy	3 6	8 4
	Total	68 4	114 0
Grand Total		2 108 4	2 899 2
<i>of which <sup>1)</sup></i>			
Germany (Fed Rep )		786 5	1 080 0
Belgium/Luxembourg		212 0	339 6
France/Saar		27 7	117 6
Italy		322 8	486 0
Netherlands		759 4	876 0

<sup>1)</sup> Estimates based on deliveries

(<sup>'000 metric tons</sup>)

	1954	1955	1956	1957	1957	1958
					first 6 months	
	119 7 117 6 150 3 384 0	116 5 163 1 115 1 437 3	183 5 227 2 150 5 356 6	233 4 425 3 212 8 628 2	116 1 158 6 97 2 256 7	91 8 222 9 97 2 272 0
	771 6	832 0	917 8	1 499 7	628 6	683 9
	652 5 303 3 119 4 711 0	1 041 1 524 9 103 0 814 5	784 2 572 1 85 7 773 5	642 6 655 3 106 6 805 0	281 7 301 7 51 9 416 9	410 9 486 1 55 3 219 9
	1 786 2	2 483 5	2 215 5	2 209 5	1 052 2	1 172 2
	863 4 138 3 249 9 69 3	1 297 3 311 7 255 8 77 9	1 055 9 281 5 174 3 96 7	1 003 3 245 7 186 4 117 0	502 1 132 0 104 0 59 9	501 4 74 9 72 9 32 5
	1 320 9	1 942 7	1 608 4	1 552 4	798 0	681 7
	1 8 0 0 6 0 0 0	8 2 0 0 53 3 0 1	11 1 1 2 36 5 0 1	0 6 0 9 70 2 0 2	0 3 0 9 27 8 0 1	0 8 0 7 55 9 0 0
	7 8	61 6	48 9	71 9	29 1	57 4
	160 2 59 4 27 3 20 4	217 1 78 4 40 2 8 6	147 4 63 5 64 8 13 4	227 5 59 8 67 1 27 4	88 3 30 1 28 9 9 4	154 0 24 5 32 3 11 8
	267 3	344 3	289 1	381 8	156 7	222 6
	4 153 8	5 664 1	5 079 7	5 715 3	2 664 6	2 817 8
	1 677 9 317 4 454 2 540 0 1 164 3	2 563 7 506 6 781 5 482 5 1 329 8	1 998 6 529 7 900 6 423 9 1 226 9	1 874 0 539 8 1 217 9 533 2 1 550 4	872 4 279 1 517 0 262 5 733 6	1 067 1 191 9 797 2 237 2 524 4



**Development of Pig-Iron Prices in the Community**  
(showing maximum and minimum prices)

(\$ per metric ton exclusive of taxes)

Quality	Germany (Fed Rep.)	Belgium	France	Italy	Netherlands
Phosphorous foundry pig-iron P = 1 0%—1 4% Mn = 6% minus rebate	May 1953 65 40 Oberhausen Oct 1954 65 40 Aug 1957 75 67 <sup>1)</sup> Feb 1959 75 67 (69 95)	60 Musson 56 74 66	60 Longwy 60 69 05 <sup>1)</sup> 64 11 (62 51)	68 80 Naples 64 Naples 89 60 Trieste 64 Trieste	57 Beverwijk 57 74 25 74 25
Hematite foundry pig-iron P = 08—12% Mn = 7—1 5% Netherlands P = 06—08% minus rebate	May 1953 69 29 Oberhausen Oct 1954 69 29 Aug 1957 80 70 <sup>1)</sup> Feb 1959 80 70 (70 98)	70 30 Charleroi 70 30 83 90 83 90	70 71 Longwy 66 86 86 29 <sup>1)</sup> 74 34 (72 48)	68 80 Genoa 64 Genoa 91 20 Trieste 65 60	67 50 Beverwijk 67 50 83 83
Hematite steel-making pig-iron P — 08—12 D Mn 2.3% Netherlands 10 max minus rebate	May 1953 58 29 Siegen Oct 1954 54 77 <sup>1)</sup> Aug 1957 69 37 <sup>1)</sup> Feb 1959 69 37 (60 24)	64 20 Charleroi 58 70 80 10 80 10	61 43 Longwy 58 86 82 57 65 83	64 Genoa 59 20 Genoa 88 Genoa 57 60 Piombino	61 44 Beverwijk 61 44 81 75 81 75
Spiegl iron Mn 10-12%	May 1953 83 21 Siegen Oct 1954 83 21 Aug. 1957 94 41 <sup>1)</sup> Feb 1959 94 41	80 Charleroi 73 60 98 98	82 Longwy 78 57 95 60 <sup>1)</sup> 81 53	92 80 Genoa 92 80 103 20 102 40	— — — —
Ferro-manganese	May 1953 203 91 Oberhausen Oct 1954 203 91 Aug 1957 246 20 <sup>1)</sup> Feb 1959 246 20	211 Langerbrugge 167 240 154 50	177 71 Outreau 166 57 203 10 <sup>1)</sup> 150 29	240 Aosta 240 284 80 208	— — — —

<sup>1)</sup> December 1957

A.B. The above rebates are allowed up to March 31, 1959, or to June 30, 1959, if the buyer undertakes to place his orders exclusively within the Community area



TABLE No 35

## Development of Basis Prices for Rolled Products in the Community, the U.K. and the U.S.A.

Product	Germany (Fed Rep)				Belgium		France		Italy		
	Jan 1, 1957	Jan 1, 1958	Jan 30, 1959	Jan 1, 1957	Jan 1, 1958	Jan 30, 1959	Jan 1, 1957	Jan 1, 1958	Jan 1, 1957	Jan 1, 1958	Jan 30, 1959
	(\$ per metric ton)										
Merchant bars	b B	95 10	99 20	96 45/ 99 20	103/ 105	108/ 110	97/ 102	90 —	86 70	82 40	—
	o/h	104 25	109 05	109 05	126	132	117	110 85	104 40	95 20	—
Joints .	b B.	92 80	96 90	96 90	107	114	107	91 15	87 80	83 40	—
	o/h	101 95	106 75	106 75	128	136	122	112 30	105 75	96 45	96/ 121 6
Wire-rod	b B	97 15	101 70	101 70	104	108	102	93 15	90 65	86 15	—
	o/h	106 30	111 55	111 55	117	123	117	111 70	105 20	95 95	—
Hoop and strip	b B	107 65	112 90	112 90	100	107	107	99 15	95 50	90 70	112
	o/h	120 45	126 40	126 40	121	129	129	121 45	114 35	104 30	—
											131 20/ 136
Plate	b B	104	109 05	106 50	120	130	122	106 30	102 35	97 25	—
	o/h	117 50	122 75	119 75	140	142	138	128 30	120 85	110 20	152
Sheet (hot-rolled)	b B	128 70	135 10	135 10	128	136	136	125 45	120 80	114 05	—
	o/h	139 65	146 50	146 50	140	148	148	147 15	138 55	126 35	—
											172
											172
											158 40
<i>Basing-points</i>											
	Oberhausen For plate For sheet	Essen Siegen	Seraing	Thonville For plate and sheet Montmédy	Novi Ligure						

Product	Luxembourg			Netherlands			United Kingdom			U S A		
	Jan 1, 1957	Jan 1, 1958	Jan 30, 1959	Jan 1, 1957	Jan 1, 1958	Jan 30, 1959	Jan 1, 1957	Jan 1, 1958	Jan 30, 1959	Jan 1, 1957	Jan 1, 1958	Jan 30, 1959
Merchant bars	b B 101	100	100	110.75	103/	88 4/	97 70/	107 7/	106 7/	110.25/	116 3/	121 25/
					107 5	98 85	105 65	113 2	111 85	111 9	119 6	125 1
Joists	o/h 101	106	104	128 40	116 25	112 50						
Wire-rod	o/h 101	106	100	113 75	116 25	105 50	98 20	105 80		110 25	116 30	121 25
	b B 101	106	100	115 50	118	110	96 75	109 50	108 45	127 90	135 60	141.10
Hoop and strip	b B 99 50	107	107	107.75	111 75	111 75						
	o/h 117	124	118	117 50	122.50	123 75	99 60	113 60	109 40	108 05	108 60	112 45
Plate	b B 117	124	118	107 50	115	100						
	o/h 120	—	—	120	127 50	112 50	102 95	112 60	111 20	106 90	112 45	116 85
Strip	b B 130 60	135.60	138.60	134 10	142 85	131.60	109	121 40	118 65	103 05	108 60	112 45
	o/h			143	148	141	(119 35)	(131 75)	(129)	(125 10)	(136.15)	(140)

### Basing-points

Pittsburgh

Delivered place of destination, less transport costs

For merchant bars Utrecht

For wire-rod and hoop and strip Zwijn-drecht

For plate and sheet Velsen-Bewerwijk

1. B Turnover tax deducted Germany 4%, Netherlands 5%. The schedule prices of the other countries are calculated exclusive of turnover tax and tax on added value. To facilitate comparison with the prices ex-basing point of the other countries, a flat transport rate of \$ 4.80 per ton has been deducted from the British prices delivered place of destination.

This table shows the basis prices, which in the Community normally relate to the same products or groups of products and the same pricing bases exclusive of extras. They are therefore intercomparable, and allow of valid comparison of real prices among the different countries of the Community, inasmuch as the overall level of extras varies from country to country in the same proportion as the basis prices. These prices cannot, however, be compared as they stand with British or American prices, since the latter may be differently based or even, in the case of the U.S.A., computed with no pricing base at all, so that in both cases the extras charged are often considerable. For example, the British and American prices for sheet are for coils, while corresponding Community prices are for cut sheets. To make them comparable with the prices of Community sheet, it is necessary to add to the British prices a further \$ 10.35, and to the American \$ 27.55 per metric ton (from May 1957 before that date, \$ 22.05). The figures in brackets include these additions.

Conversion rates employed 1 dollar—DM 4.20, Bfr. 50, Fr. 420, Hfl. 380, Lire 625, £ 0.357 (3 approx 7s 1½ d)

TABLE No. 36

## Development of Internal Basis Prices for Rolled Products in 1958

	Merchant bars		Sections	
	b B	o/h	b B	o/h
<i>Germany (Fed Rep )</i>				
January 1, 1958		109 05	96 90	106 75
June 12, 1958	96 45/99 20	109 05	96 90	106 75
December 15, 1958	96 45/99 20	109 05	96 90	
January 30, 1959	96 45/99 20	109 05	96 90	
<i>Belgium</i>				
January 1, 1958	108/110	132	114	136
December 15, 1958	97 20/102	117	107	136
January 30, 1959	97 20/102	117	107	136
<i>France</i>				
January 1, 1958	86 70	104 40	87 80	105 75
December 15, 1958	86 70	104 40	87 80	105 75
January 30, 1959	82 40	95 20	83 40	96 45
<i>Italy</i>				
January 1, 1958		100 8/126 40		137 60
May 12, 1958		96/121 60		120
December 15, 1958		96/121 60		120
January 30, 1959		96/121 60		120
<i>Luxembourg</i>				
January 1, 1958	100		106	
December 15, 1958	100		104	
January 30, 1959	100		104	

(\$ per metric ton, ex-basing point)

Wire-rod		Hoop and strip		Plate		Sheet	
b B	o/h	b B	o/h	b B	o/h	b B	o/h
101 70	111 55	112 90	126 40	109 05	122.75	135 10	146 50
101 70	111 55	112 90	126 40	106 50	119 75	135 10	146 50
101 70	111 55	112 90	126 40	106 50	119 75	135.10	146 50
101 70	111 55	112 90	126 40	106 50	119 75	135 10	146 50
108	123	107	129	130	142	136	148
102	117	107	129	122	138	136	148
102	117	107	129	122	138	136	148
90 65	105 20	95.50	114.35	102.35	120.85	120.80	138.55
90 65	105.20	95 50	111 35	102 35	120 85	120 80	138.55
86 15	95.95	90 70	104 30	97.25	110 20	114.05	126 35
	132	139.2			171 20		158 40
	112	131.20/136			152		158.40
	112	131 20/136			152		158 40
	112	131 20/136			152		158 40
106		107		124		138 60	
100		107		118		138 60	
100		107		118		138 60	

TABLE No 36 (contd )

	Merchant bars		Sections	
	b B	o/h	b B	o/h
<i>Netherlands</i>				
January 1, 1958	103 05/107 5	116 25		
April 14, 1958	97 10/107 5	116 25		
May 6, 1958	95 90/107 5	112.50		
June 10, 1958	95 90/107 5	112 50		
June 13, 1958	95 90/107 5	112 50		
June 16, 1958	95 90/107 5	112.50		
June 18, 1958	95 90/107 5	110		
June 20, 1958	95 90/107 5	112 50		
July 21, 1958	95 90/107 5	112 50		
July 28, 1958	95 90/107 5	110 65		
August 1, 1958	95 90/107 5	112 50		
September 27, 1958	95 90/107.5	110.65		
October 2, 1958	95 90/107 5	112 50		
October 7, 1958	95 90/102 45	112 50		
October 11, 1958	90 45/102 45	112 50		
October 22, 1958	90 45/102 45	112 50		
October 27, 1958	90 45/102 45	112 50		
November 25, 1958	88 40/98 85	112 50		
December 3, 1958	88 40/98 85	112 50		
December 15, 1958	88 40/98 85	112 50		
January 30, 1959	88.40/98 85	112 50		
<i>United Kingdom</i>				
January 1, 1958	107 70/113 20		105 80	
March 31, 1958	106 70/111 85		104 40	
December 15, 1958	106 70/111 85		104 40	
January 30, 1958	106 70/111 85		104 40	
<i>United States</i>				
January 1, 1958	116 30/119 60		116 30	
August 12, 1958	121 25/125 10		121 25	
December 15, 1958	121 25/125 10		121 25	
January 30, 1959	121 25/125 10		121 25	

(\$ per metric ton, ex-basing point)

Wire-rod		Hoop and strip		Plate		Sheet	
b B	o/h	b B	o/h	b B	o/h	b B	o/h
116 25	118	111 75	122 50	115	127 50	142 85	148
116 25	118	111 75	122 50	115	127 50	142.85	148
116 25	118	111 75	122 50	115	127 50	142.85	148
116 25	118	111.75	122 50	115	127 50	137 85	148
116 25	118	111.75	122 50	110	122.50	137 85	148
108 25	110	111.75	122 50	110	122 50	137 85	148
108 25	110	111.75	122 50	110	122 50	137 85	148
108 25	110	111 75	122 50	110	122 50	137 85	148
103 75	110	111.75	122 50	110	122.50	137 85	148
103 75	110	111.75	122 50	110	122 50	137 85	148
103 75	110	111 75	122.50	110	122 50	137.85	148
103 75	110	111.75	122 50	110	122.50	137 85	148
103.75	110	111.75	122 50	110	122 50	137 85	148
103 75	110	111.75	122 50	110	122.50	137 85	148
103 75	110	111.75	122 50	110	122 50	137.85	148
103 75	110	111.75	122 50	100	112.50	137.85	148
103 75	110	111.75	122.50	100	112 50	131 60	141 75
103 75	110	111.75	122.50	100	112.50	131 60	141.75
105.50	110	111.75	123.75	100	112 50	131.60	141.75
105.50	110	111.75	123 75	100	112 50	131 60	141 75
105 50	110	111.75	123.75	100	112 50	131 60	141.75
109 50		113 70		112 60		121.40 (131.75) <sup>1)</sup>	
108 45		109.55		111 20		118.65 (129.00) <sup>1)</sup>	
108.45		109.55		111 20		118 65	
108 45		109 55		111.20		118.65	
135 60		108 60		112 45		108 60 (136 15) <sup>1)</sup>	
141 10		112.45		116 85		112 45 (140 00) <sup>1)</sup>	
141.10		112.45		116.85		112 45	
141.10		112.45		116 85		112 45	

notes to Table No. 35, third paragraph



*Notes to Table No 36*

The price trends for individual products varied a great deal from one country to another.

In *Germany*, the prices of rolled products, with the exception of reinforcing rods, plate and universals, remained unchanged. The price of reinforcing rods was reduced by slightly less than 3%, one works, however, whose price-schedule had previously been lower than that of its competitors, increased its prices by about 1.5%. A general reduction in the form of a rebate, varying between 2.3 and 4.7% according to quality, was registered in the prices for plate. In this case too, one enterprise raised its prices by roughly 2.5% to bring them into line with those of the other works. Reductions in the prices of universals were in the region of 2-3.5% according to quality.

After the general reduction in *Belgian prices* for most products (2-14.5% according to type of product) in mid-March 1958, one firm reduced its price for *reinforcing rods* by a further 10.5% at the beginning of May, thus bringing it into line with the French price which until then had been the lowest. It was not until a few months later that a second firm followed this example, while the other large enterprises retained their schedule-prices, since, if necessary, they could always align their prices with the lower quotations of their competitors. In October, several Belgian firms lodged new price-schedules for heavy and medium plate and universals. These prices, which represent a reduction of 13 to approximately 16.5%, also represent an alignment with French prices. The reductions made by these firms since the beginning of 1958 for the flat products mentioned thus amount in all to 20-25%. Although the other Belgian works did not adopt the reductions made in October, it may be assumed that they are selling at more or less the same (lower) prices by way of alignment.

The *French works* made no alterations to their prices for *rolled steel* throughout 1958. On January 30, 1959, the weighted average prices for all products were, in French francs, raised by 11.7% for basic Bessemer quality and 7.3% for open-hearth quality (average 9%), and in dollars, by 3.2% and 7.2% respectively (average 6%).

In *Italy*, considerable price-reductions were introduced at the end of 1957 and the beginning of 1958, amounting to 15% on the average and almost 20% for *merchant bars*. In May, a further general reduction took place, ranging from 2.5% to 11% according to product. The prices of hoop and strip and sheet, however, remained unchanged.

In *Luxembourg works* followed the Belgian example of May 1958, making reductions of 2-7% according to type of product. The prices of hot-rolled coils, sheet piling, hoop and strip, sheet and permanent-way material remained unchanged. The schedule-prices have not been changed since then, but the works, which depend largely on their exports to third countries and their deliveries to other Community countries, were obliged to align their prices with the lower French and Belgian schedules.

In the *Netherlands*, prices, with the exception of those for hoop and strip, have been reduced by roughly 3-14% in three stages since March of last year, the biggest reduction of approximately 14% being in respect of merchant bars of standard quality, and of plate.

TABLE No 37

## Basis Export Prices as at January 1, 1957, 1958 and 1959

(\$ per metric ton f o b port of shipment, exclusive of taxes)

	Community overall			United Kingdom			United States		
	1957	1958	1959	1957	1958	1959	1957	1958	1959
Merchant bars <sup>1</sup> ,	112/118	84/101	80 93	119 35/ 152 95	119.33/ 152 95	107 50/ 116 65	121 25/ 123 25	129 40/ 131 60	128 30/ 135 58
Joists	123.50	103	94	156.40	146.05	109 20	121 25	128 10	133.15
Wire-rod	112	105	96		no price		132 30	140 20	144 85
Hoop and strip	113	113	108	123 45/ 124.85 2	123 45/ 124 85 2,	123 45/ 124.85 2,	113 10	119 25	119 25
Plate	135	122	110	161 90	161 90	116 02	117 05	123 25	128 09
Sheet (hot-rolled)	147.65	150 65	150.65	130 90, 148 80 3	145 35/ 161 90 3,	145 35/ 161 90 3,	112 45	118.40	115 50
				133 65/ 151 55,	(148 10), (164 65)	(148 10), (164 65)	(134 50), (145 95)	(143 05)	

<sup>1</sup> According to product<sup>2</sup> According to width<sup>3</sup> According to country of destination

A B This table shows the development of basis prices. The bases on which these are fixed in the Community, the United Kingdom and the United States respectively are sometimes appreciably different, particularly in the case of flat products.

For purposes of comparison with the prices of hot-rolled sheet in the Community, for instance it would be necessary to add to the British price a further \$ 2 75, and to the American price \$ 27 55 (in 1957, \$ 23 05) per metric ton. The figures in brackets include these additions. Prices are those of basic Bessemer quality for the Community, and of basic open-hearth for the United Kingdom and United States.

TABLE No 38

**Energy Balance-Sheets of the Community for the Year 1956**

(by sources of energy)

## PRIMARY ENERGY

	Hard coal		Brown coal		
	Salable quality	Low-grade products	raw, young deposits	old deposits	imported
Production	1 593 746	108 295	193 742	16 682	—
Changes in primary-energy producers' stocks	—1 575	—7 525	—2	—57	—
Imports	266 301	—	1 308	—	3 371
<i>of which</i>					
from third countries	266 301	—	12	—	3 371
from Eastern Germany			1 296	—	
Changes in importers' stocks	+1 666	—	—		
Changes in secondary-energy producers' stocks	+12 747	+160	+4		+137
<i>of which</i>					
Coking plants	+1 533				
Gasworks	+756				
Briquetting plants	—546				
B.K.B. plants					
Plants producing low-temperature hard-coal coke	+7				
Plants producing low-temperature brown-coal coke					
Electric power-stations	+11 109	+160	+4		+137
Oil refineries	—112				
Others					
Availabilities	1 847 209	115 660	195 044	16 739	3 234
Energy producers' consumption	1 185 310	93 753	177 258	5 121	882
<i>of which</i>					
for primary-energy production	48 097	9 010	718	1 138	—
Hard-coal mines	47 922	9 010		88	
Brown-coal mines			718	1 050	
Oil wells	175				
for secondary-energy production	1 137 213	84 743	176 540	3 983	882
Coking plants	686 560	1 452			
Gasworks	87 094				
Briquetting plants	115 731	6 453	4	62	
B.K.B. plants					
Plants producing low-temperature hard-coal coke	4 522		95 142		
Plants producing low-temperature brown-coal coke			3 444		
Electric power-stations	233 114	76 838	77 450	3 921	882
Oil refineries	4 032		500		
Others	6 160		—		

(in 10<sup>9</sup> kcal)

Crude oil	Natural liquid motor fuels	Natural gas	Methane	Water power	Terrestrial heat	Peat	Total
64 640	617	45 260	3 117	86 682	11 030	4 305	2 128 116
—	—	—	—	—	—	—	—9 155
710 110	—	—	—	—	—	—	981 090
710 110	—	—	—	—	—	—	979 794
—690	—	—	—	—	—	—	1 296
							+976
+1 720							+14 768
							+1 533
							+756
							—546
							—
							+7
+1 720							+11 410
							+1 608
773 720	617	45 260	3 117	86 682	11 030	4 305	3 102 617
774 870	617	9 240	1 690	86 682	11 030	645	2 347 098
—	—	1 471	350	—	—	—	60 784
			350	—	—	—	57 370
		1 471	—	—	—	—	1 768
		7 769	—	—	—	—	1 646
774 870	617	396	1 340	86 682	11 030	645	2 286 314
		178	785	—	—	—	689 193
				—	—	—	87 272
				—	—	—	122 250
				—	—	—	95 142
				—	—	—	4 522
				—	—	—	3 444
774 650	617	7 195	35	86 682	11 030	645	497 792
220			520	—	—	—	779 799
				—	—	—	6 900

TABLE No 38 (contd )

	Hard coal		Brown coal		
	Saleable quality	Low-grade products	raw, young deposits	old deposits	Imported
Deliveries to Internal market	620 438	18 982	17 506	10 644	2 349
<i>of which</i>					
I Transport					
1 Railways, including local lines	123 298	9		57	
2 Inland shipping and bunkering	11 529			10	
3 Aviation (civil and military)					
4 Other types of transport	28				
	134 855	9	—	67	—
II Industries (exclusive of industrial electric power-stations)					
1 Iron and steel industry	28 315	559	266	—	—
2 Other industries	219 254	15 378	16 362	6 661	2 198
	247 569	15 937	16 628	6 661	2 198
III Household sector					
1 Households, small industry, etc	199 766	1 537	832	3 463	151
2 Concessionary allocations	32 851	1 499	36	302	—
	232 617	3 036	868	3 765	151
IV Others	5 397	—	10	151	—
Exports	56 707	550		364	
<i>of which</i>					
to third countries	38 234	550		364	
to Eastern Germany	2 184				
to West Berlin	16 289				
Differences, losses, etc	—15 246	+375	+280	+610	+3

(in 10<sup>6</sup> kcal)

Crude oil	Natural liquid motor fuels	Natural gas	Methane	Water power	Terrestrial heat	Peat	Total
—		35 699	1 034		—	3 678	710 330
		17					123 381 11 539
		2 178					2 206
		2 195	—	—	—	—	137 126
		6 372 22 484	163 199			294	35 675 282 830
		28 856	362	—	—	294	318 505
		4 648	672			3 030	214 099 34 688
		4 648	672	—	—	3 030	248 787
		—	—	—	—	354	5 912
		—	—	—	—	—	57 621
		—	—	—	—	—	39 148 2 184 16 289
—1 150	—	1 321	1 393	—	—	—18	—12 432

# Energy Balance-Sheets of the Community for the Year 1956

(by sources of energy)

## SECONDARY ENERGY

	Coke-oven coke	Gas coke	Hard-coal briquettes	Brown-coal briquettes	Low- temperature coke of hard coal	Low- temperature coke of brown coal	Petrol Benzol
Production	517 003	59 987	132 883	81 773	3 494	2 808	170 331
Changes in primary- energy producers' stocks	+62	—	—7	—	+14	—	—
Imports	3 126	7	496	11 885	20	811	13 624
<i>of which</i> ·							
from third countries	3 098	7	496	58	20	413	12 802
from Eastern Germany	28			11 827		398	822
Changes in importers' stocks	+145	+7	+223	+14		—	—1 342
Changes in secondary- energy producers' stocks	—28	+145	—202	—10	—130	—14	—2 475
<i>of which</i> ·							
Coking plants	—21						
Gasworks		+145					
Briquetting plants			—202				
B K B plants				—14			
Plants producing low- temperature hard-coal coke					—130		
Plants producing low- temperature brown- coal coke							
Electric power-stations	—7					—14	
Oil refineries				+4			—2 475
Others							
Availabilities	519 950	59 842	133 365	93 654	3 630	3 633	187 772
Energy producers' con- sumption	19 418	16 936	1 151	6 162	479	1 368	10
<i>of which</i>							
for primary-energy production	1 615	—	360	1 814	—	—	—
Hard-coal mines	1 601		360				
Brown-coal mines				1 814			
Oil wells	14						
for secondary-energy production	17 803	16 936	791	4 348	479	1 368	10
Coking plants	12 862		36		349		
Gasworks	228	16 936					
Briquetting plants	97		698				
B K B plants							
Plants producing low- temperature hard-coal coke					130		
Plants producing low- temperature brown- coal coke						10	
Electric power-stations	2 008		7	1 454		1 358	
Oil refineries	41		50	2 894			10
Others	2 567						

(in 10<sup>6</sup> kcal)

Diesel gas-oil	Fuel-oil	Paraffin	Pitch for briquette- binding	Liquidified gases	Electricity	Blast- furnace gas	Gas	Total
170 872	309 327	24 068	7 852	15 123	179 605	160 916	163 727	1 999 769
—	—	—	—58	—	—	—	—	+11
26 199	41 258	1 131	2 150	46	3 019	—	—	103 772
25 200	40 219	1 131	2 150	23	3 013	—	—	88 630
999	1 039	—	—	23	6	—	—	15 142
—626	+392	+10	—	—12	—	—	—	—1 189
—1 050	+2 940	—677	—614	+92	—	—	+160	—1 863
—	—	—	—	—	—	—	+160	+139
—	—	—	—614	—	—	—	—	+145
—	—	—	—	—	—	—	—	—816
—	—	—	—	—	—	—	—	—14
—	—	—	—	—	—	—	—	—130
—	—59	—	—	—	—	—	—	—80
—1 050	+2 999	—677	—	+92	—	—	—	—1 107
198 747	347 253	25 866	10 674	15 089	182 624	160 916	163 567	2 106 582
2 707	48 099	—	10 615	564	22 787	51 901	57 659	239 856
303	363	—	—	—	10 615	—	142	15 212
121	—	—	—	—	9 888	—	142	12 112
182	—	—	—	—	632	—	—	2 628
—	363	—	—	—	95	—	—	472
2 404	47 736	—	10 615	564	12 172	51 901	57 517	224 644
—	461	—	—	—	1 315	11 424	45 714	72 161
263	1 088	—	10 615	506	179	—	2 440	21 640
—	147	—	—	—	164	—	—	11 721
—	—	—	—	—	549	—	—	549
—	—	—	—	—	4	—	—	134
—	—	—	—	—	47	—	—	57
434	25 970	—	—	—	7 657	39 989	2 535	81 412
71	19 433	—	—	58	2 174	—	2 904	27 635
1 636	637	—	—	—	83	488	3 924	9 335



TABLE No. 39 (contd)

	Coke-oven coke	Gas coke	Hard-coal briquettes	Brown-coal briquettes	Low- temperature coke of hard coal	Low- temperature coke of brown coal	Petrol Benzol
Deliveries to Internal market	462 266	42 563	131 097	87 399	3 032	2 804	130 551
of which							
I Transport							
1 Railways, including local lines	1 953	581	7 783	907	116		94
2 Inland shipping and bunkering	228		374	125			270
3 Aviation (civil and military)							6 614
4 Other types of transport	28			10		38	112 538
	2 209	581	8 157	1 042	116	38	119 516
II Industries (exclusive of industrial electric power-stations)							
1 Iron and steel industry	303 945	5 775	1 145	3 168	—	197	156
2 Other industries	74 009	3 597	4 723	20 731	370	1 637	3 557
	377 954	9 372	5 868	23 899	370	1 834	3 713
III Household sect							
1 Households, small industry, etc	69 497	32 069	111 377	60 466	2 432	898	312
2 Concessionary allocations	2 732	541	5 594	1 229	164	34	
	72 229	32 610	116 971	61 695	2 596	932	312
IV Others	9 874	—	101	763	—	—	7 010
Exports	37 544	13	1 425	2 290	14	154	49 982
of which							
to third countries	33 900	13	929	2 275	14	154	49 982
to Eastern Germany	725		—	—			
to West Berlin	2 919		496	15			
Differences, losses, etc	+722	+330	—308	—2 197	+55	—693	+7 229

	Diesel gas-oil	Fuel-oil	Paraffin	Pitch for briquette- binding	Liquidified gases	Electricity	Blast- furnace gas	Gas	Total
	127 259	220 470	10 756	432	14 042	141 630	91 665	96 687	1 562 703
	3 000	10 388	40			6 112		40	31 014
	22 452	37 456	121						61 026
			1 646						8 260
	49 783	872			1 024	2 138			166 431
	75 235	48 716	1 807	—	1 024	8 250	—	40	266 731
	434	15 170	61	—	—	17 113	90 140	30 734	468 038
	21 200	111 132	828	432	1 426	81 936	1 520	32 003	359 101
	21 634	126 302	889	432	1 426	99 049	91 660	62 737	827 139
	26 280	42 532	5 181		11 592	32 587	5	33 556	428 784
						93		4	10 391
	26 280	42 532	5 181	—	11 592	32 680	5	33 560	439 175
	4 110	2 920	2 879	—	—	1 651	—	350	29 658
	50 500	63 955	14 787	100	1 046	1 908		280	223 998
	50 500	63 955	14 787	100	1 046	1 819 89		8 272	219 482 1 086 3 430
	+18 281	+14 729	+323	—473	—563	+16 299	+17 350	+8 941	+80 025

TABLE No. 40

**Specific Capital Expenditure in the Coalmining Industry <sup>1)</sup>**  
(pits)

	Ruhr	Aachen	Lower Saxony	Germany (Fed Rep)	Saar	Nord/Pas-de-Calais
<i>1953</i>	<sup>2)</sup>	<sup>2)</sup>	<sup>2)</sup>	<sup>2)</sup>		
Expenditure (\$ '000,000)	83 70	7 29	2 06	93 05	11 83	50 16
Production ('000,000 metric tons)	115 55	6 59	2 33	124 47	16 42	27 55
Expenditure per metric ton produced (\$)	0 72	1 11	0 88	0 75	0 72	1 82
Index	67	103	81	69	67	169
<i>1954</i>						
Expenditure (\$ '000,000)	83 23	9 07	4 09	96 39	15 16	38 42
Production ('000,000 metric tons)	118 71	6 86	2 47	128 04	16 92	28 71
Expenditure per metric ton produced (\$)	0 70	1 32	1.66	0 75	0 90	1 34
Index	70	132	166	75	90	134
<i>1955</i>						
Expenditure (\$ '000,000)	103 14	8 61	2 60	114 35	11 97	36 86
Production ('000,000 metric tons)	121 11	7 06	2 56	130 73	17 33	29 10
Expenditure per metric ton produced (\$)	0 85	1 22	1 02	0 87	0.69	1 27
Index	82	117	98	84	66	122
<i>1956</i>	<sup>2)</sup>		<sup>2)</sup>	<sup>2)</sup>	<sup>2)</sup>	<sup>2)</sup>
Expenditure (\$ '000,000)	97 76	7.62	3.39	108 77	16 21	30 69
Production ('000,000 metric tons)	124 63	7 21	2 57	134 41	17.09	28 58
Expenditure per metric ton produced (\$)	0 78	1 06	1 32	0 81	0 95	1 07
Index	78	106	132	81	95	107
<i>1957</i>						
Expenditure (\$ '000,000)	117 36	7 30	5 09	129 75	21 02	31 91
Production ('000,000 metric tons)	123.21	7 62	2 33	133 16	16 46	28 72
Expenditure per metric ton produced (\$)	0 95	0 96	2.18	0 97	1 28	1 11
Index	81	82	186	83	109	95
<i>1953-1957</i>						
Expenditure (\$ '000,000)	485 19	39 89	17 23	542 31	76 19	188.04
Production ('000,000 metric tons)	603 21	35 34	12 26	650 81	84 12	142 66
Expenditure per metric ton produced (\$)	0 80	1 13	1 41	0 83	0 91	1 32
Index	75	107	133	78	86	125

<sup>1)</sup> Capital expenditure as recorded in 1958 investment survey  
Production, exclusive of German "small collieries" and French non-nationalized collieries

<sup>2)</sup> Corrected figures

	Lorraine	Centre/ Midi	France	Campine	Southern Belgium	Belgium	Italy (Sulcis)	Nether- lands	Community
	28 44	20 30	98 90	12 61	22 20	34 81	4 56	11 74	254.89 <sup>2)</sup>
	12 00	12 61	52 16	9 48	20 58	30 06	1 13	12 30	236 54
	2 37 219	1 61 149	1 90 176	1 33 123	1 08 100	1 16 107	4.85 373	0 95 88	1 08 100
	28 07	12 84	79 33	13 45	24 58	38.03	1 28	11 60	241.79
	13 00	12 30	54 01	9 26	19 99	29 25	1 07	12 07	241 26
	2 16 216	1 04 104	1 47 147	1 45 145	1 23 123	1 30 130	1.20 120	0 96 96	1 00 100
	27 84	10.35	75.05	12 89	22 87	35 76	2.40	16 87	256 40
	13 16	12 71	54 97	10 14	19 83	29 97	1 14	11 90	246 04
	2 12 204	0.81 78	1 37 132	1 27 122	1 15 111	1 19 114	2 11 203	1 42 137	1 04 100
	27.16 <sup>2)</sup>	10 21 <sup>2)</sup>	68 06 <sup>2)</sup>	17 20 <sup>2)</sup>	25 19 <sup>2)</sup>	42 39 <sup>2)</sup>	0 17 <sup>2)</sup>	12 96 <sup>2)</sup>	248.56 <sup>2)</sup>
	13 29	12 90	54.77	10 47	19 09	29 56	1 08	11 84	248 75
	2.04 204	0 79 79	1 24 124	1 64 164	1 32 132	1 43 143	0 16 16	1.09 109	1 00 100
	33 03	13 27	78.21	18 34	27 24	45.58	1 60	12 70	288 86
	14 30	13 37	56 39	10 33	18 76	29 09	1 02	11 38	247 50
	2.31 197	0 99 85	1 39 119	1 78 152	1 45 124	1.57 134	1.57 134	1 12 95	1 17 100
	144 54	66 97	399.55	74.49	122 08	196 57	10 01	65 87	1 290 50
	65 73	63 89	272 30	49 68	98 25	147.93	5 44	59 49	1 220 09
	2 20 208	1 05 99	1 47 139	1 50 142	1 24 117	1 33 125	1.84 174	1 11 105	1 06 100

TABLE No 41 (contd.)

	Germany (Fed Rep)	Spain	France	Belgium/ Nether- lands	Italy	Com- munity
<i>1957</i>						
Expenditure (\$ '000,000)	43 24	13.26	24 78	9 70	8 70	99 68
Production ( '000,000 met t )	45 53	4 32	12 48	11 41	3 69	77 43
Expenditure per metric ton produced (\$)	0 95	3 07	1 99	0 85	2.36	1 29
Index	74	238	154	66	183	100
<i>1953-1957</i>						
Expenditure (\$ '000,000)	188 05	35 80	193 48	63 91	17 70	498 94
Production ( '000,000 met t )	202 90	19 66	52 98	52 12	14 89	342 55
Expenditure per metric ton produced (\$)	0 93	1.82	3.65	1 23	1 19	1 46
Index	64	125	250	84	82	100

TABLE No. 42

**Specific Capital Investiture in the Iron-Ore Industry <sup>1)</sup>**

(extraction and preparation of ore at the mine)

	Salzgitter, Hesse, Lower Harz	Osnabrück, Weser/ Wichengeborge	Siegerland	Central and Southern Germany	Other German orefields
<i>1953</i>	—	—	—	—	—
Expenditure (\$ '000,000)	—	—	—	—	—
Production ('000,000 metric tons)	—	—	—	—	—
Expenditure per metric ton produced (\$)	—	—	—	—	—
Index	—	—	—	—	—
<i>1954</i>					
Expenditure (\$ '000,000)	2 21	1 15	2 20	0 83	0 73
Production ('000,000 metric tons)	7 41	1 18	1 25	1 54	1 66
Expenditure per metric ton produced (\$)	0 30	0 97	1 76	0 54	0 44
Index	67	216	391	120	98
<i>1955</i>					
Expenditure (\$ '000,000)	4 73	0 70	1 30	0 77	1 25
Production ('000,000 metric tons)	9 23	1 55	1 34	1 54	2 02
Expenditure per metric ton produced (\$)	0 51	0 45	0 97	0 50	0 62
Index	128	113	243	125	155
<i>1956</i>					
Expenditure (\$ '000,000)	4 90 <sup>2)</sup>	0 39	2.25	0 54 <sup>2)</sup>	1 17 <sup>2)</sup>
Production ('000,000 metric tons)	9 92	1 75	1 37	1 48	2 40
Expenditure per metric ton produced (\$)	0 49	0.22	1 64	0 36	0 49
Index	91	41	304	67	91
<i>1957</i>					
Expenditure (\$ '000,000)	3 54	0 75	2 18	0 53	1 33
Production ('000,000 metric tons)	10 77	1 97	1 44	1 58	2 56
Expenditure per metric ton produced (\$)	0 33	0 38	1 51	0 34	0 52
Index	60	69	275	62	95
<i>1953-1957 <sup>2)</sup></i>					
Expenditure (\$ '000,000)	15 38	2 99	7.93	2.67	4 48
Production ('000,000 metric tons)	37 33	6 45	5 40	6 14	8 64
Expenditure per metric ton produced (\$)	0 41	0 46	1 47	0 43	0 52
Index	85	96	306	90	108

<sup>1)</sup> Capital expenditure as recorded in 1958 investment survey<sup>2)</sup> 1954-57 for the various areas in Germany and France<sup>3)</sup> Corrected figures

	Germany (Fed Rep)	Eastern France	Western France	Centre/Midi	France	Belgium	Italy	Luxembourg	Community
	4 48 14 62	— —	— —	— —	17 68 42 92	— 0 10	4 77 1 43	0.77 7 17	27 70 66 24
	0 31 74	— —	— —	— —	0 41 98	— —	3 34 795	0 11 26	0 42 100
	7 12 13 04	16 43 41 19	1 26 2 98	0 19 0 19	17 88 44 36	— 0 08	4 09 1 60	0 37 5 89	29.46 64 97
	0 55 122	0 40 89	0 42 93	1 00 222	0.40 89	— —	2 56 569	0 06 13	0 45 100
	8 75 15 68	16 62 46 69	1 83 3 87	0 15 0 32	18 60 50 88	— 0 11	2 47 2 15	0 88 7 20	30 70 76 02
	0.56 140	0 36 90	0 47 118	0 47 118	0 37 93	— —	1 15 288	0 12 30	0 40 100
	9 25 <sup>a)</sup> 16.92	25 86 <sup>a)</sup> 48 90	3 03 <sup>a)</sup> 4 10	0 29 <sup>a)</sup> 0 36	29 18 <sup>a)</sup> 53 36	— 0 15	3.98 <sup>a)</sup> 2 65	1.45 <sup>a)</sup> 7 59	43 86 <sup>a)</sup> 80 67
	0 55 102	0 53 98	0 74 137	0 81 150	0 55 102	— —	1 50 278	0 19 35	0.54 100
	8 33 18 32	31 54 53 83	2 94 4 34	0 32 0 35	34 80 58 52	0 04 0 14	2 89 2 61	1 71 7 84	47 77 87 43
	0 45 82	0 59 107	0 68 124	0 91 165	0 59 107	0 29 53	1.11 202	0 22 40	0 55 100
	37 93 78 58	90 45 190 61	9 06 15 29	0 95 1 22	118 14 250 04	0 04 0 58	18.20 10 44	5 18 35 69	179 49 375 33
	0 48 100	0 47 98	0 59 123	0 78 163	0 47 98	0 07 15	1.74 363	0 15 31	0 48 100

TABLE No. 43

**Specific Capital Expenditure on Pig-Iron Production <sup>1)</sup>**

(blast-furnaces and preparation of burden)

	Northern Germany	North Rhine/ Westphalia	Southern	Germany (Fed. Rep.)	Saar
<i>1953</i>					
Expenditure (\$ '000,000)	—	—	—	25 27	1 21
Production ('000,000 metric tons)	—	—	—	11 65	2 38
Expenditure per metric ton produced (\$)	—	—	—	2.17	0 51
Index	—	—	—	100	23
<i>1954</i>					
Expenditure (\$ '000,000)	—	—	—	19 82	2 04
Production ('000,000 metric tons)	—	—	—	12 51	2 50
Expenditure per metric ton produced (\$)	—	—	—	1 58	0 82
Index	—	—	—	101	53
<i>1955</i>					
Expenditure (\$ '000,000)	2 95	24 59	2 57	30 11	1 59
Production ('000,000 metric tons)	2 01	13 43	1 04	16 48	2 88
Expenditure per metric ton produced (\$)	1 47	1 83	2 47	1 83	0 55
Index	95	119	160	119	36
<i>1956</i>					
Expenditure (\$ '000,000)	8 49 <sup>2)</sup>	29 21 <sup>2)</sup>	3 10	40 60 <sup>2)</sup>	2 81
Production ('000,000 metric tons)	2 13	14 41	1 04	17 58	3 02
Expenditure per metric ton produced (\$)	3 99	2 03	2 98	2 32	0 93
Index	161	82	120	94	38
<i>1957</i>					
Expenditure (\$ '000,000)	13 53	41 59	2 53	57 65	4 58
Production ('000,000 metric tons)	2 32	14 97	1 07	18 36	3 12
Expenditure per metric ton produced (\$)	5 83	2 78	2 36	3 14	1 47
Index	164	78	66	88	41
<i>1953-1957 <sup>2)</sup></i>					
Expenditure (\$ '000,000)	24 97	95 39	8 20	173 65	12 23
Production ('000,000 metric tons)	6 46	42 81	3 15	76 58	13 90
Expenditure per metric ton produced (\$)	3 87	2 23	2 60	2 27	0 88
Index	—	—	—	97	38

<sup>1)</sup> Capital expenditure as recorded in 1958 investment survey<sup>2)</sup> 1953-57 for the various areas of Germany and France<sup>3)</sup> Corrected figures



	Eastern France	Northern France	Other parts of France	France	Belgium	Italy	Luxem- bourg	Nether- lands	Community
	—	—	—	25 71	8 02	0 81	7 26	0 21	68 49
	—	—	—	8 66	4 22	1 25	2 72	0 59	31 48
	—	—	—	2 97	1 90	0 65	2 67	0 36	2 18
	—	—	—	136	87	30	122	17	100
	—	—	—	11 71	7 54	1 20	9 12	0 44	51 77
	—	—	—	8 83	4 56	1 30	2 80	0 61	33 11
	—	—	—	1 33	1 63	0 92	3 26	0 72	1 56
	—	—	—	85	104	59	209	46	100
	10 91	1 25	0 72	12 88	6 10	2 77	8 46	1 08	62 99
	8 52	1 60	0 82	10 94	5 32	1 68	3 05	0 67	41 01
	1 28	0 78	0 88	1 18	1 15	1 65	2 77	1 61	1 54
	83	51	57	77	75	108	181	105	100
	27 91 <sup>a)</sup>	5 67	1 93 <sup>a)</sup>	35 51 <sup>a)</sup>	13 97 <sup>a)</sup>	3 02	6 92	5 17 <sup>a)</sup>	108.20 <sup>a)</sup>
	8 84	1 67	0 91	11 42	5 66	1 93	3 27	0 66	43 55
	3 16	3 40	2 12	3 11	2 47	1 56	2 12	7 83	2 48
	127	137	85	125	100	63	85	316	100
	41 95	10 55	7 42	59 92	17 17	5 72	7 25	8 45	160 74
	9 18	1 67	1 03	11 88	5 58	2 14	3 33	0 70	45 11
	4 57	6 32	7 20	5 04	3 08	2 67	2 18	12 07	3 56
	128	178	202	142	87	75	61	339	100
	80 77	17 47	10 07	145 73	52 70	13 52	39 01	15 35	452 19
	26 54	4 94	2 76	51 73	25 34	8 30	15 17	3 23	194 26
	3 04	3 54	3 65	2 82	2 08	1 63	2 57	4 75	2 33
	—	—	—	121	89	70	110	204	100

TABLE No 44

**Specific Capital Expenditure on Crude-Steel Production <sup>1)</sup>**  
(steelworks)

	Northern Germany	North Rhine/ Westphalia	Southern Germany	Germany (Fed Rep.)	Saar
<i>1953</i>					
Expenditure (\$ '000,000)	—	—	—	37 10	0 72
Production ('000,000 metric tons)	—	—	—	15 42	2 68
Expenditure per metric ton produced (\$)	—	—	—	2 41	0 27
Index	—	—	—	116	13
<i>1954</i>					
Expenditure (\$ '000,000)	—	—	—	20 99	0 87
Production ('000,000 metric tons)	—	—	—	17 43	2 80
Expenditure per metric ton produced (\$)	—	—	—	1 20	0 31
Index	—	—	—	119	31
<i>1955</i>					
Expenditure (\$ '000,000)	5 96	29 58	0 54	36 08	1 46
Production ('000,000 metric tons)	2 34	17 63	1 37	21 34	3 17
Expenditure per metric ton produced (\$)	2 55	1 68	0 39	1 69	0 46
Index	213	140	33	141	38
<i>1956</i>					
Expenditure (\$ '000,000)	10 22 <sup>3)</sup>	42 28 <sup>3)</sup>	0 39	52 89 <sup>3)</sup>	5 33
Production ('000,000 metric tons)	2 69	19 08	1 42	23 19	3 37
Expenditure per metric ton produced (\$)	3 80	2 22	0 27	2 28	1 58
Index	212	124	15	127	88
<i>1957</i>					
Expenditure (\$ '000,000)	8 38	53 52	0.94	62 84	6 22
Production ('000,000 metric tons)	3 05	20 03	1 43	24.51	3 47
Expenditure per metric ton produced (\$)	2 75	2 67	0 66	2.56	1 79
Index	—	—	—	118	82
<i>1953-1957 <sup>2)</sup></i>					
Expenditure (\$ '000,000)	24 56	125 38	1 87	209 90	14 60
Production ('000,000 metric tons)	8 08	56 74	4 22	101 89	15 49
Expenditure per metric ton produced (\$)	3 04	2 21	0 44	2.06	0 94
Index	—	—	—	124	57

<sup>1)</sup> Capital expenditure as recorded in 1958 investment survey<sup>2)</sup> 1955-57 for the various areas in Germany and France<sup>3)</sup> Corrected figures

	Eastern France	Northern France	Other parts of France	France	Belgium	Italy	Luxem- bourg	Nether- lands	Com- munity
	—	—	—	24 57	5 82	10.09	2.71	0 91	81 92
	—	—	—	10 00	4 53 <sup>3)</sup>	3 50	2 66	0 87	39 66 <sup>3)</sup>
	—	—	—	2 46	1 28	2 88	1 02	1 05	2 07
	—	—	—	119	62	139	49	51	100
	—	—	—	12 29	3.65	3 29	2 64	0 36	44 09
	—	—	—	10 63	5 00 <sup>3)</sup>	4 21	2 83	0 93	43 83 <sup>3)</sup>
	—	—	—	1 16	0 73	0 78	0 93	0.39	1 01
	—	—	—	115	72	77	92	39	100
	7 38	4 89	1 35	13 62	4 03	3.95	2 14	1 90	63 18
	8 34	2 82	1 47	12 63	5 89	5 39	3 23	0 98	52 63
	0 88	1 73	0 92	1 08	0 68	0 73	0 66	1 94	1 20
	73	144	77	90	57	61	55	162	100
	6 95 <sup>3)</sup>	4 26 <sup>3)</sup>	5 12 <sup>3)</sup>	16 33 <sup>3)</sup>	4 71 <sup>3)</sup>	9 77 <sup>3)</sup>	5 02	7 55 <sup>3)</sup>	101.60 <sup>3)</sup>
	8 83	2 98	1 63	13 44	6 38	5 91	3 46	1 05	56 80
	0 79	1 43	3 14	1 22	0 74	1 65	1 45	7 19	1 79
	44	80	175	68	41	92	81	402	100
	9 95	5 20	5 65	20.80	11 50	10 40	10 07	7 72	129 55
	9 21	3 18	1 71	14 10	6 27	6 78	3 49	1 19	59 81
	1 08	1 64	3 30	1 48	1 83	1 53	2 89	6 49	2 17
	—	—	—	68	84	71	133	299	100
	24 28	14 35	12 12	87 61	29 71	37 50	22 58	18 44	420 34
	26 38	8 98	4 81	60 80	28 07	25 79	15 67	5 02	252 73
	0 92	1 60	2 52	1 44	1 06	1 45	1 44	3 67	1 66
	—	—	—	87	64	87	87	221	100

TABLE No 45

**Specific Capital Expenditure on Rolled-Steel Production <sup>1)</sup>**  
(rolling-mills and ancillary plant)

	Germany (Fed Rep.)	Saar	France	Belgium	Italy	Luxembourg	Netherlands	Community
<i>1953</i>								
Expenditure (\$ '000,000)	105 71	11 04	78 57	13 34	44 17	11 76	1 57	266 16
Production	9 91	1 78 <sup>2)</sup>	6 87 <sup>2)</sup>	3 31 <sup>2)</sup>	2 15 <sup>2)</sup>	1 91	0 63 <sup>2)</sup>	26 56 <sup>2)</sup>
( '000,000 metric tons)								
Expenditure per metric ton								
produced (\$)	10 67	6 20	11 44	4 03	20 54	6 16	2 49	10 02
Index	106	62	114	40	205	61	249	100
<i>1954</i>								
Expenditure (\$ '000,000)	138 03	8 00	64 00	15 57	25 39	11 21	2 95	265 15
Production	11 28	1 78 <sup>2)</sup>	7 27	3 59	2 81	2 13	0 71	29 57 <sup>2)</sup>
( '000,000 metric tons)								
Expenditure per metric ton								
produced (\$)	12 24	4 49	8 80	4 34	9 04	5 26	4 15	8 97
Index	136	50	98	48	101	59	46	100
<i>1955</i>								
Expenditure (\$ '000,000)	188 57	9 80	52 38	13 80	23 21	8 40	4 92	301 08
Production	13 97	2 09 <sup>2)</sup>	8 92 <sup>2)</sup>	4 35	3 55	2 40	0 87	36 15 <sup>2)</sup>
( '000,000 metric tons)								
Expenditure per metric ton								
produced (\$)	13 50	4 69	5 87	3 17	6 54	3 50	5 66	8 33
Index	162	56	70	38	79	42	68	100



TABLE No. 46

# **Net Increase in Production Potential** (based on compulsory statements)

Sector	Production	Actual production 1957	Statements received during		
			1956	1957	1958
<i>Coalmining industry</i>					
Pits					
Coking-plants (mine-owned)	Hard coal ('000 m t.)	246 430	2 560	5 786	10 220
Coking-plants (independent)	Coke ('000 m t.)	51 490	3 846	220	545
Pithead power-stations	Coke ('000 m t.)	6 120	281	196	— 116 <sup>a)</sup>
	Installed capacity	5 513	698	285	386
	at beginning of the year ('000 kW)				
Hard-coal briquetting plants	Hard-coal briquettes ('000 m t.)	19 060	—	—	460
<i>Iron-ore mines</i>	Crude ore ('000 m t.)	87 430	150	1 725	1 800
<i>Iron and Steel industry</i>					
Preparation of burden					
Blast furnaces	Sinter	20 290	6 605	3 290	8 350
Steelworks	Pig-iron	45 110	4 614 <sup>1)</sup>	2 445 <sup>1)</sup>	2 529 <sup>1)</sup>
a) Basic Bessemer	Basic Bessemer steel	30 150	2 534 <sup>2)</sup>	1 225 <sup>2)</sup>	1 288 <sup>2)</sup> <sup>6)</sup>
b) Open-hearth	Open-hearth steel	23 600	1 757 <sup>3)</sup>	108	339 <sup>3)</sup>
c) L/D and similar	L/D and similar steels	320	0	895 <sup>4)</sup>	680 <sup>6)</sup>
d) Electric-Furnace	Electric-furnace steel	5 740	850	174	274 <sup>7)</sup>
Rolling-mills					
a) for semis	Semis	—	4 881	425	1 200
b) for sections	Sections	23 150	547	60	315
c) for flats	Flats	17 790	1 946	114	916
Coking-plants (steelworks-owned)	Coke	19 800	2 246	917	174
Power-stations (at works)	Installed capacity ('000 kW)	—	106	48	89

*Notes to Table No. 46*

- 1) The increase in the production potential for sintered ore accounts for a proportion of the increase expected in the production potential for pig-iron, *viz*,

1956	278,000 metric tons of pig-iron,
1957	552,000 metric tons,
1958	620,000 metric tons
- 2) The increase in the production potential for pig-iron accounts for a proportion of the increase expected in the production potential for basic Bessemer steel (without corresponding additional large-scale investment) *viz*,

1956	773,000 metric tons of basic Bessemer steel,
1957	825,000 metric tons,
1958	228,000 metric tons
- 3) The same applies regarding open-hearth steel a certain proportion of the increase expected in the production potential for open-hearth steel will result from the stepping-up of the production potential for pig-iron, even without large-scale additional investment, *viz*,

1956	130,000 metric tons of open-hearth steel,
1957	150,000 metric tons
- 4) The same applies regarding L/D and similar steels a certain proportion of the increase expected in the production potential for L/D and similar steels will result from the stepping-up of the production potential for pig-iron, even without large-scale additional investment, *viz*,

1957	180,000 metric tons of L/D and similar steels
------	---
- 5) Cancellation of a capital scheme previously declared
- 6) Owing to the installation of an L/D steelworks, the production potential for L/D steel is increased by 200,000 metric tons while the production potential for basic Bessemer steel is reduced by the same amount This has been taken into account in the figures shown.
- 7) Note 2) applies also to electric-furnace and similar steels a certain proportion of the increase expected in the production potential for electric-furnace and similar steels (75,000 metric tons) will result from the stepping-up of the production potential for pig-iron produced by the L/D Duplex process.

TABLE No 47

## Personnel employed in the Community Industries

('000)

Industry	December 1957			September 1958		
	Workers	Apprentices	Salaried employees	Workers	Apprentices	Salaried employees
			Total			Total
<i>Coalmining industry</i>						
Germany (Fed. Rep.)	453.4	42.9	46.1	442.9	39.5	47.2
Saar	53.9	4.6	6.5	53.6	3.5	6.3
Belgium	141.8	3.0	14.9	131.9	2.3	14.7
France <sup>1)</sup>	208.8	6.1	26.8	204.3	5.7	26.7
Italy	5.7	—	0.7	4.2	—	0.7
Netherlands	52.3	3.6	6.9	52.2	4.2	7.3
Community	915.6	60.2	101.9	889.1	55.2	102.9
			1 077.7			1 047.2
<i>Iron and steel industry</i>						
Germany (Fed Rep )	175.7	5.9	23.8	169.9	6.8	24.6
Saar	27.5	0.9	4.1	27.7	0.8	4.1
Belgium	52.5	—	7.4	51.4	—	7.5
France	128.0	2.3	24.2	126.7	2.3	24.9
Italy	54.9	0.2	7.4	52.3	0.2	7.3
Luxembourg	18.8	0.3	2.1	18.7	0.4	2.1
Netherlands	7.6	0.2	3.2	7.9	0.3	3.3
Community	465.0	9.8	72.2	454.6	10.8	73.8
			547.0			539.2
<i>Iron-ore mines</i>						
Germany (Fed Rep )	20.9	1.0	2.4	19.7	1.0	2.4
Belgium	0.0	—	0.0	0.0	—	0.0
France	24.6	0.9	3.1	24.4	0.7	3.2
Italy	3.6	0.0	0.2	3.1	0.0	0.3
Luxembourg	2.4	—	0.2	2.2	—	0.2
Community	51.5	1.9	5.9	49.4	1.7	6.1
Community, total	1 432.1	71.9	180.0	1 393.1	67.7	182.8
			1 684.0			1 643.6

<sup>1)</sup> Including small non-nationalized collieries



*TRANSPORT STATISTICS*

For the second year running, the High Authority is able to present the results of a statistical survey in respect of transport of Treaty products

The following tables show the figures for 1957 and, where possible, comparative figures for 1956.

Three general tables give the following details for each of the 9 categories of product

*Table No 48* tonnage carried within the territories of the Community by each of the three modes of transport covered,

*Table No 49* tonnage imported by the Community from third countries, broken down by modes of transport,

*Table No 50* tonnage exported by the Community to third countries, also broken down by modes of transport

The trade currents in the five largest categories of product (hard coal, coke, iron ore, scrap and rolled products) between the *transport areas* of the Community are shown in five special tables, supplemented by maps (Tables 52-56) The preceding table (No 51) gives a complete list of the 42 transport areas of the Community

The tables are designed to show the tonnage variations in trade between the most representative areas or groups of areas during 1956 and 1957

The maps are designed to illustrate, more clearly than the tables, the total traffic recorded in 1957 between the producer and consumer areas, and to indicate the volume of trade. By including only the trade currents which exceed a certain tonnage, the maps bring out the trade links of major economic significance

Although traffic within the same area or group of areas always involves very high tonnages, it is not shown on these maps. On the other hand, trade between Community areas and Switzerland, Austria and other third countries has been included.

TABLE No 48

**Tonnages of Treaty Products carried within the Community <sup>1)</sup>**  
1956 and 1957

Category of product	By rail				By inland waterway				By sea				Total				% per product	
	1956		1957		% 57-56		1956		1957		% 57-56		1956		1957		% 57-56	
1. Hard coal and hard-coal briquettes	120 9	119 1	—	—	—	—	48 2	52 1	—	—	—	—	171 8	173 8	—	—	—	—
2. Brown coal and brown-coal briquettes (B K B)	21 3	21 2	—	—	—	—	2 9	3 0	—	—	—	—	24 2	24 3	—	—	—	—
3. Coke and low-temperature coke	40 8	41 1	+1	+1	+5	+5	7 3	7 0	—	—	—	—	48 1	48 2	—	—	—	—
4. Iron ore	61 7	64 6	+5	+5	+5	+5	15 1	17 2	+14	+14	+14	+14	77 4	82 4	+6	+6	13	12
5. Manganese ore	0 5	0 8	—	—	—	—	0 4	0 2	—	—	—	—	0 9	1 0	—	—	—	—
6. Scrap	18 5	19 2	+4	+4	+2	+2	2 3	2 7	+17	+17	+17	+17	21 0	22 0	+5	+5	5	6
7. Pig-iron and crude steel	6 9	7 6	+10	+10	+10	+10	1 5	1 6	+7	+7	+7	+7	8 5	9 3	+9	+9	2	2
8. Iron and steel semi-finished prod.	11 0	10 9	—1	—1	—1	—1	0 4	0 8	—	—	—	—	11 4	11 8	+3	+3	3	3
9. Rolled products (exclusive of tubes and pipes)	27 0	27 8	+3	+3	+3	+3	4 7	4 9	+4	+4	+4	+4	31 9	32 9	+3	+3	8	8
Treaty products, total	308 6	312 3	+1	+1	+1	+1	82 8	89 5	+8	+8	+8	+8	394 9	405 7	+3	+3	100	100
% by mode of transport	78 1						21 0		0 9				100					
		77 0						22 1						100				

<sup>1)</sup> Exclusive of road haulage

N B 1956 figures for hard coal and brown coal carried by rail have been amended by deduction of railways' own consumption

Community Imports of Treaty Products from Third Countries <sup>1)</sup>  
1956 and 1957

('000 metric tons)

Category of product	1956			1957							%57-56			
	By rail	By inland waterway	By sea	Total	By rail			By inland waterway				By sea		Total
					Switzer-land	Austria	Other third countries	Switzer-land	Austria	Other third countries		Other third countries		
1 Hard coal and hard-coal briquettes	660	17	39 927	40 604	8	1	436	—	—	11	45 664	46 120	+ 14	
2 Brown coal and brown-coal briquettes (B K B)	4 052	34	42	4 128	1	—	3 922	—	—	22	35	3 980	— 4	
3 Coke and low-temperature coke	171	51	662	884	—	1	130	—	—	90	1 327	1 548	+ 75	
4. Iron ore	75	495	23 382	23 952	1	60	22	104	2	1	26 160	26 350	+ 10	
5. Manganese ore	—	—	1 286	1 286	—	—	—	—	—	—	1 690	1 690	+ 31	
6. Scrap	81	46	2 422	2 549	59	19	27	2	—	93	3 709	3 909	+ 53	
7 Pig-iron and crude steel	257	205	930	1 392	76	230	51	5	63	74	737	1 236	— 11	
8 Iron and steel semi-finished products	130	28	123	281	36	61	55	1	54	16	128	351	+ 25	
9 Rolled products (exclusive of tubes and pipes)	188	165	474	827	59	106	47	4	136	70	556	978	+ 18	
Treaty products, total	5 614	1 041	69 248	75 903	240	478	4 690	116	225	377	80 006	86 162	+ 14	
% by mode of transport	7 4%	1 4%	91 2%	100 0	6 3%			0 9%			92 8%		100 0	

<sup>1)</sup> Exclusive of road haulage  
 A B 1956 figures for hard coal and brown coal carried by rail have been amended by deduction of the railways' own consumption

TABLE No. 50

Community Exports <sup>1)</sup> of Treaty Products to Third Countries  
1957

Category of product	By rail				By inland waterway				By sea		Total <sup>2)</sup>	
	Switzer-land	Austria	Other third countries	Total	Switzer-land	Austria	Other third countries	Total	Other third countries	Tonnage		%
1 Hard coal and hard-coal briquettes	1 215	1 380	787	3 382	1 448	1 364	—	2 812	1 550	7 744	32 8	
2 Brown coal and brown-coal briquettes	141	145	—	286	126	20	—	146	—	432	1 8	
3. Coke and low-temperature coke	127	343	116	586	601	16	—	617	2 712	3 915	16 6	
4 Iron ore	1	852	3	856	2	258	—	260	22	1 138	4 8	
5. Manganese ore	1	33	2	36	1	—	—	—	4	41	0 2	
6 Scrap	6	187	3	196	41	—	—	41	84	321	1 4	
7. Pig-iron and crude steel	25	27	13	65	120	3	—	123	526	714	3 0	
8. Iron and steel semi-finished products	48	—	2	50	40	—	—	40	1 021	1 111	4 7	
9 Rolled products (exclusive of tubes and pipes)	514	47	150	711	188	6	—	194	7 285	8 190	34 7	
Treaty products, total	2 078	3 014	1 076	6 168	2 567	1 667	—	4 324	13 204	23 606	100%	
% by mode of transport				26 1				17 9	56 0	100%		

<sup>1)</sup> Figures for French exports by sea are not available<sup>2)</sup> Exclusive of road haulage

A B 1956 figures are too incomplete to allow of comparison

TABLE No 51  
List of Community Areas

N°	E C S C transport area
	<i>Germany (Fed. Rep.)</i>
01	Schleswig-Holstein, Hamburg and the Elbe area of Lower Saxony
02	Bremen and the Central and Lower Weser area of Lower Saxony
03	Emsland and Oldenburg
04	Remainder of Lower Saxony and Northern Hesse
05	Duisburg
06	Ruhr (exclusive of Duisburg)
07	Westphalia (exclusive of the Ruhr)
08	Northern Rhineland (exclusive of the Ruhr)
09	Rhineland-Palatinate (exclusive of Ludwigshafen)
10	Central and Southern Hesse
11	Ludwigshafen and Mannheim
12	Upper-Rhine area of Baden-Wurttemberg (excl of Mannheim)
13	Remainder of Baden-Wurttemberg
14	Franconia
15	Southern Bavaria and Upper Palatinate
16	Saar
	<i>Belgium</i>
30	Belgium (exclusive of Antwerp)
31	Antwerp
34	<i>Luxembourg</i>
	<i>Netherlands</i>
35	Netherlands (exclusive of the North Sea Canal and the New Waterway)
36	North Sea Canal (Amsterdam)
37	New Waterway (Rotterdam)
	<i>France</i>
40	Lille
41	Amiens
42	Rouen
43	Paris
44	Rheims-Nancy (exclusive of Strasbourg)
45	Dijon
46	Lyons
47	Marseilles-Montpellier-Corsica
48	Toulouse
49	Bordeaux
50	Nantes
51	Orleans
52	Clermont-Ferrand
53	Strasbourg
	<i>Italy</i>
60	Northern Italy — Western section
61	Northern Italy — Eastern section
62	Central Italy
63	Southern Italy
64	Sicily
65	Sardinia
	<i>Third countries</i>
80	Switzerland
81	Austria
89	Other countries